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# Latin America Report

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3 February 1986

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INTER-AMERICAN AFFAIRS

ANTIGUA AIDS U.S. GOAL OF MILITARIZING CARIBBEAN

Bridgetown CARIBBEAN CONTACT in English Dec 85 p 2

[Text]

ANTIGUA, "Where Land and Sea Make Beauty". A tourist catch phrase. Now it seems as though Antigua is in for a different type of tourist. It will be in the form of the US military.

In newsbroadcasts over locally owned radio and TV stations which are controlled by the Bird's Government, Antiguaners learnt that the US had been given the green-light to use the naval facility at Coolidge as a centre for training military personnel from the Caribbean.

Just about the same time it was announced via the same media that war game exercises, code-named "Upward Key" were to take place between 100 US troops and members of the Antigua Defence Force and Special Units from the Police Force. The exercises were due to take place 11th November at a cost of approximately US\$250 000 to the US army for bringing its personnel and equipment.

No figure has been given on how much it will cost the Antigua government, or better yet, who will pay for its participation. However, over the past two years, US military assistance to the region has been US\$350 million.

EFFECTIVE  
DOMINANCE

No one understands the motives for this creeping move in the dark by the Vere Bird administration. The truth of the matter is that the dominance of the Antigua Labour Party Government is so effective, the masses of the Antigua population have been so cowed through the instrumentality of repressive legislation and vindictive government policies that the intervention of the army to bolster the regime seems superfluous.

This is the same Vere Bird administration which opened its shores to Space Research Corporation to conduct research and test deadly missiles which were later trans-shipped to Namibia and used against Africans struggling against that reprehensible system of apartheid.

This is the same administration which in April of this year deported over 30 board members of Agricultural Missions, a development arm of the United Church of Christ, USA. The administration's claim of subversion seemed to have been a figment of its ludicrous imagination.

Perhaps the case for the militarisation of the nation is perfectly clear to Deputy Prime Minister Lester Bird who has defended the action of the government and as Minister of Foreign Affairs is directly responsible for these developments. Lester Bird has defended the action by citing East-West conflict in the region and blamed it for the failure of Caribbean governments to reach unanimity on the creation of a regional army.

It was Lester Bird, who, at a subregional meeting in St. Kitts earlier in the year, called for the establishment of standing armies in these small islands.

However, Lester Bird may have other motives. The expected retirement of his father, 75-year-old Vere Bird, may or may not soon take place. According to one source, Finance Minister, John St. Luce commands the majority support within the ruling party which has already split into factions.

Prime Minister Vere Bird has however stated categorically that he has no intentions of retiring.



### **WILLING COMPLIANCE**

Coming on the heel of the Exotic Palm war games exercises in St. Lucia, Upward Key demonstrates the intent of the Reagan administration in militarising these islands and the willing compliance of Caribbean leaders to assist in the same.

Having failed to achieve unanimity in its war games in St. Lucia with the government of St. Vincent, in spite of pressures, refusing to take an active role, the alternative strategy of the US seems to be to establish bilateral military pacts with pliant Caribbean nations.

Thus the economic strategy of the Reagan administration in establishing bilateral relationships with other countries, thereby dividing them and ensuring a mad scramble for crumbs, is being put into effect in the military sphere.

### **POLICE INEFFECTIVE**

The militarisation of these islands comes at a time when the police are ineffective in their normal duties of crime prevention and crime-solving. In the case of Antigua, over the past few years, there have been a spate of murder cases which have gone unsolved. King **Obstinate**, a local calypsonian was moved to make a plaintive plea for the police to find out "Who Kill Me Sister". His sister, ironically, was beheaded in the same area that has been ceded for the military training site.

Obstinate's protests, however, have fallen on deaf ears. His has been a lone voice of despair crying in the wilderness of collective apathy.

[This article was reprinted in its entirety in the St John's OUTLET of 13 December 1985, page 1.]

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CSO: 3298/256

INTER-AMERICAN AFFAIRS

PAPER DISCUSSES RIGHT-, LEFT-WING THREATS TO CARIBBEAN

Bridgetown CARIBBEAN CONTACT in English Dec 85 p 3

[Editorial: "Caribbean at Crossroads"]

[Text]

THE political future of the Caribbean today is at the crossroads. The cataclysmic events in Grenada in October 1983, may well have set in motion a sequence of events which culminates in even greater disaster.

Already, many right-wing parties are beginning to display a renewed sense of comfort in their age old mould of ideological crusades and non-performance. Against the scenario of increasing joblessness, inflation and unbearable poverty, political campaigns prominently stress communism versus democracy or freedom versus dictatorship as if these are the only substantive issues in the Caribbean.

Historically, Caribbean right-wing governments have demonstrated a tremendous lack of capacity to chart new directions in dealing with the chronic economic problems of our region, which are more acute today, and likely to be more socially disruptive in the coming years. The danger is that the events in Grenada may have introduced a new era of complacency in right-wing circles, as conservative governments boldly continue discredited economic policies.

So far, nothing so promising has emerged. Jamaica's new capitalist thrust, which initially raised expectations, is merely the revived and questionable Puerto Rican model. It is becoming increasingly evident that large inflows of foreign investment will not materialise, in spite of all the incentives and favourable advertising. Moreover, the indigenous private sector is unlikely to emerge as the so-called engine of growth.

The Right needs to be reminded that the Grenadian tragedy is not exclusively a left-wing learning experience. Hopefully, the Left has learnt to be more respectful of democratic norms, and to tailor its Marxism within our region's political culture. For the Right, the lessons are equally important. Policies which produce economic and social alienation create the conditions for instability and radical solutions.

The four-year relatively popular but unelected rule of the New Jewel Movement underscores the fragile nature of Caribbean democracy. The Grenadian masses, it must be remembered, traded their 'democratic traditions' for a more hopeful future, which Maurice Bishop symbolised.

Present right-wing fears of violent seizure of state power by ruthless left-wing ideologues in the Caribbean islands are not realistic. The more viable threat to Caribbean democracy today is unending and deepening poverty.

Just a while ago, the US intervention in Grenada was hailed by its supporters as a great rescue act for democracy and freedom. This attempt to characterise the US as a great saviour of the Caribbean is perhaps an unforgivable insult to truth. The US does not have a record of continuously defending and promoting democracy in other states. The US support for hated dictators such as the late Somoza of Nicaragua runs counter to any good neighbour image.

In effect, Caribbean democracy cannot be the subject of any outside deliverance. The critical task of safeguarding Caribbean democracy rests with the Caribbean itself. Undeniably, the removal of the menacing presence of General Austin and company has been most welcome. The regret is that an outside power was involved, aided and abetted by our own right-wing politicians who did not agonise one bit over their actions.

Undoubtedly, the US has decided to make good its bold declaration that it will not tolerate a "second Cuba". Presumably, it will tolerate more Haitis. Dictatorial right-wing regimes, Duvalier style, in the Commonwealth Caribbean, are quite possible.

Equally disturbing, and perhaps more probable, is the introduction of the reprehensible Central America type politics in our region. The signs are quite visible. There is growing militarisation of the Eastern Caribbean, with active support from the US. There is also the new habit of the Reagan administration of linking the Caribbean and Central America in terms of aid programmes.

Indeed, at this juncture, the Caribbean people have to be extremely vigilant.

It is also of crucial importance that Caribbean governments hasten to search for new directions, if our region is to be spared the political trauma of a Haiti or Central America. Certain tragedy lies ahead if present Caribbean governments drift in the direction of a resuscitated *laissez faire* capitalism. In the context of a lethargic domestic private sector, there is a compelling need for many Caribbean governments to incorporate some of these same leftist programmes, such as land reforms and state investment in agriculture and industry, into their development strategies.

It will be a fatal mistake for Caribbean governments to abdicate their role in economic management. There is nothing inherently inferior about state investment. Failed enterprises abound both in the private and public sectors.

The crucial task of Caribbean States is to implement systems to ensure viability and efficient management of the business organisations in their charge. Right-wing ideological hatred of the Left will not solve or create long-term stability.

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INTER-AMERICAN AFFAIRS

ANDEAN DEVELOPMENT CORPORATION FUNDS INCREASED TO \$1 BILLION

Bogota EL SIGLO in Spanish 10 Dec 85 p 9

[Text] On 3 December 1985, the 47th Directorate of the CAF [Andean Development Corporation] adopted an important decision in the history of the CAF and for the economic and social development of the countries in the Andean area. It recommended approval of an increase in authorized CAF capital from \$400 million to \$1 billion.

This increase in capital will permit the CAF to become a major stable source of financing for subregional integration and the development of each and every member country.

By permitting members outside of the subregion, especially developed countries, to provide a percentage of the increase, the CAF will have greater participation in international financial markets which will help attract the necessary resources to complement national efforts toward development.

The directorate recommended expanding the assembly of shareholders to allow participation by top-level representatives of the member governments with responsibility in the sectors of finance and integration and guests from the main international financial institutions or governments outside the region. They will constitute a valid subregional forum to analyze and discuss the main financial, economic, and integration problems that are common to the countries in the subregion.

Approvals: The total amount approved by the CAF so far is \$572 million in cash. Of this, \$6 million correspond to nonreimbursable technical cooperation, \$9 million to preinvestment credits, \$395 million to performance credits, \$161 million to lines of credit and global credits, and \$1 million to shareholder participation.

By the end of this year, approximately \$30 million will have been disbursed, with \$25 million disbursed so far. This would triple the amount disbursed in 1984 (\$10.2 million).

Nine cooperation agreements were signed this year for \$168,500 and five loan contracts for \$48 million. However, it must be pointed out that the contracts

signed total \$126 million and the contracts approved for signing total \$113.2 million, revealing a large amount of potential disbursements for next year.

#### IDB/CAF Program

In April 1984, the CAF asked the IDB for a loan to help finance preinvestment studies in the countries in the Andean region. At the same time, nonreimbursable technical cooperation was needed to strengthen CAF operations, planning, information, and administration of human resources.

This was approved by the IDB directorate on 11 April 1985 and the respective contracts were signed in Washington on 26 November. The cost of the program has been estimated at \$15.5 million. The IDB will finance \$4.3 million with FOE resources and \$5.3 million with its regular capital. The difference, \$5.9 million, will come from contributions from the CAF and co-borrowers. These resources will be used to finance the feasibility studies for the San Buenaventura-Cobija road project for which the directorate approved a credit of \$1,048,500.

The cost of technical cooperation for institutional support for the CAF has been estimated at \$696,000 of which \$574,000 will be contributed by the IDB and \$122,000 by the CAF. This institutional support, as was already mentioned, will aid the areas of planning, operations, information, and human resources. The basic documentation for bids for consultation services has already been prepared.

#### Financial Area

Despite the restrictions that are still imposed on Latin American borrowers, the CAF has short-term lines of credit and lines of credit from international banks available to finance goods and equipment from other countries. A special promotion program continues to develop potential cooperation with the central banks and financial entities in the subregion and also project the CAF onto the international level and make it well known in the multilateral development institutions and the bilateral economic cooperation institutions in order to channel more resources toward the member countries of the CAF. Missions were sent to Japan, Korea, and the Scandinavian countries with this objective.

#### Portfolio of Projects

As of 31 October 1985, the balance of the portfolio of loans for projects reached \$144.7 million for 88 signed loans representing a total value of \$342.7 million.

From January to October 1985, \$34.1 million were recovered through amortization of capital and interest.

#### Trade Financing

The volume of operations approved during the first 11 months of the year through SAFICO [Andean System of Trade Financing] continued to increase over

the amounts approved during the same period in 1984 and 1983. The operations approved totaled \$33 million. It is estimated that they will reach \$40 million by the end of the year.

Disbursements totaled \$25 million and we project closing the year at \$31 million compared to \$16.2 million in 1984.

Colombia and Peru were the main borrowers. In 1985, they received approval for \$18.4 million and \$14.5 million, respectively, or 100 percent of the total approved so far this year.

Accumulated totals since SAFICO has been in existence show approvals of \$190.5 million and disbursements of \$134.6 million. The disbursements made it possible to mobilize exports totaling approximately \$153 million.

As to financial intermediation, there was a meeting on 30 November of 16 banks and other financial entities in the subregion. They signed financial cooperation agreements for a total of \$21 million. Two agreements for \$2 million were renewed and approved for signing and there are eight agreements totaling \$11 million being studied for approval or renewal.

During the 11 months, the financial intermediaries expedited operations for \$33 million which represent 100 percent of the approved financing. Of the total accumulated to date, \$145.2 million have been processed through this network of banks and financial institutions. This is equivalent to 76.2 percent of the total transactions carried out.

The flexibility of the mechanism to set interest rates for short-term financing and the use of mixed resources to achieve better levels continue to operate satisfactorily, permitting SAFICO to offer financing under appropriate and attractive conditions. The maximum interest rate for short-term operations was about 11.5 percent while other combinations with resources from different sources permitted annual rates of 8.25 percent to 9.5 percent. Rates similar to or lower than the basic rates (Libor [London Inter-Bank Offered Rate]-Prime) in the international market were maintained during this period.

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3 February 1986

ANTIGUA AND BARBUDA

UNION, OPPOSITION ASSAIL GOVERNMENT'S FAILINGS

Union Grievances

St Johns THE WORKERS VOICE in English 30 Nov 85 pp 1, 8

[Text] At the recently held Caucus of the Antigua Labour Party the A.T.L.U. used the opportunity to express some of the grievances and difficulties which the Union has been experiencing. The Constitution of A.L.P. provides for the attendance of twelve delegates from the Union to attend all caucuses of the party. The A.L.P. emerged as the political arm of the A.T.L.U. and so the Union reserves the right to be critical of the party and Government on any issue which the Union feels is not in the interest of its members and workers in the country as a whole.

Some of the issues raised by the Union at the Caucus, which was attended by Cde. Leader, the Rt. Hon. Prime Minister and most of his ministers were the Industrial Court, the secrecy in setting up of factories, the secrecy by which the Israeli project at Cotton Estate was established, the fact that little or no employment was offered to the workers in the Pares Village/Parham area. The increase in old age pensions. The appointment of Bryan Gonsalves as Secretary of the National Parks Committee when there were many persons of Antiguan origin living in the English Harbour area who could competently perform the duties.

On the issue of the Industrial Court the Union deplored the delay in setting up of the Court and made it plain to Cde. Leader, that the appointment of an Englishman as a Judge of the Court was unacceptable in this period of our development. The Union also pointed out that the Chief Magistrate would not have sufficient time to devote to the Industrial Court as a judge and still adequately perform his judicial functions in the Lower court.

The Attorney General in reply said that the judge appointed to the Court was retired Barbadian judge, and not an Englishman, the gathering was also informed that the Chief Magistrate would not be assigned to the Industrial Court. The Prime Minister promised to look into the other matters raised.

On the political side, Cde. Leader, the P.M. was asked to elaborate on his recent statement that Cabinet decisions were made by him after he got a consensus of opinions from his Ministers. The P.M. repeated that after

listening to all arguments he made the final decision. None of the Ministers present queried this. The presence of Guyanese in prominent positions in the island was also brought to the attention of Ministers present.

The question of the French loan to re-surface the runway at V.C. Bird International Airport was also raised. The question of the loan and revenue derived from it for the re-payment being associated with a Commercial Bank instead of the Government Treasury, was brought to the attention of the P.M. and his Ministers. Cde. Vere Bird Jr. gave a partial explanation, stating that funds in the Treasury may be used for other projects and that worried the people who were making the loan available. Anyway he said that the matter was not completely settled as yet, as negotiations were still going on. Cde. Marshall complained that hardly any work was done by P.W.D. in his constituency for the last couple of years and he was becoming very concerned.

Cde. Leader promised to look into the matter. (Cde. Leader paid a visit to the constituency the following day with the Minister of Public Works and the Road Engineer along with the Representative. [parenthesis as published])

The meeting opened with a half hour speech by Cde. Leader in which he traced the development in the country by the A.T.L.U. and the A.L.P. The question of a successor to the P.M. which rumored all around the island but denied by the P.M. who said that he intended to be around for the next election was mentioned, with all present imploring aspirants to restrain themselves and wait. There was no doubt that Cde. Leader had the support of all present.

Notable absentees were the Chairman and Secretary of the A.L.P. They were both, conveniently, or otherwise out of the country.

A mid-term convention of the ALP was set for February, 1986.

#### Government Travel Abuses

St Johns OUTLET in English 22 Nov 85 p 2

[Text] Prime Minister V.C. Bird in his exclusive ZDK interview aired throughout last week on both Radio Stations took responsibility for the incessant travel of Ministers.

In declaring that Ministers travel with his approval and consent PM Bird gave no indication of the large amounts of money that has been spent on travel. Nor did he indicate that even in Cabinet, the constant travel of some Ministers has been an issue.

Cabinet sources state that on more than one occasion Finance Minister John St Luce has refused to approve travel grants for the Prime Minister's eldest son Vere Bird jr, Minister of Public Utilities, Aviation and Information. After Finance Minister St Luce turned down the application on more than one application for travel grants, then Minister Vere Bird jr went to Prime Minister Bird directly who okayed his travel.



Minister Vere Bird jr, according to Cabinet sources, has spent weeks in Paris on more than one occasion, and his frequent trips to Paris have raised concern among several Cabinet members whether "allied to the Bird faction or not." The sources claim that Minister Vere Bird is often unaccompanied by any technician, and could not be concluding an official agreement with the French Government without an interpreter. Ministers they say, normally sign agreements while technicians work out the details.

The other Cabinet faction has countered that Minister of Public Works Hilroy Humphreys was in Europe and in the Middle East accompanied by an un-official. The sources say that after Humphreys visit to Syria no report was given to the nation after his extended and extensive "grand tour".

It has also been stated, that Minister of Education, Reuben Harris has been away for some six weeks now, and that "it is not all government business" and according to the sources the UNESCO meeting "was long over and then there was a christening". The sources would not elaborate, and Harris out of the country could not be contacted for a response.

Official sources also state, that the travel of Lester Bird as foreign Minister can "more often than not be justified", but that "the Prime Minister must respect the Finance Minister" who they say is the only one as "guardian of the purse-strings" who should approve travel given "the precarious financial position."

However, Prime Minister Bird was emphatic during his exclusive radio interview, that those in Cabinet who did not like "the decisions" all of which he said he alone takes, "could work it out with their consciences, and then the constitution gives them the right to resign". Though PM Bird did not say so he left the impression that he would not be unhappy to receive a few resignations from the disgruntled elements who were "undermining Cabinet decisions."

#### Review of Shortcomings

St Johns OUTLET in English 6 Dec 85 p 8

[Editorial: "The Dark Ages Are Upon Us"]

[Text] "Men ought to be most annoyed by the sufferings which come from their own faults"--Cicero.

In his most recent public broadcast, first heard on Radio ZDK and then repeatedly on the State owned ABS, Prime Minister V.C. Bird declared that Antigua had joined the ranks of the developed nations.

Then, as if to add emphasis, he boldly asserted "we are now one of the most progressive countries in the world."

Yet, astonishingly, in the same broadcast, the Prime Minister made a rare admission. The nation, he said was plagued with severe electricity, water and road maintenance faults.

Not that we needed V.C. Bird to remind us. For how can a mass of people learn except by experience. For many years now, the entire populace of this island state, four years independent, have had to endure the stark and dark reality of life. Black outs are monotonous. Monotonously long. Water shortages, no matter how much rain falls, are incessant and becoming more and prolonged.

V.C. Bird may not have recognised his blatant contradiction for in his and the ruling regime's warped way of thinking, progress and development must be measured by the volume of cars on the streets, by the North American fashions and lifestyles that consume our nation, by Cable Television and by the arrival of the so called foreign investors who by exploiting tax free concessions, cheap labour and the regime's penchant for giving away our land, reap a bumper harvest of profits which flow out of the island producing foreign development and increasing local under-development.

That is the development and progress that the Prime Minister so proudly, without shame or conscience, boasts about. The people know otherwise! For to achieve genuine development, basic necessities, water, electricity are a priority, more so in this modern, technological age.

But today in Antigua, the necessities, the amenities, so vital to a decent life are totally inadequate. In fact, they worsen day by day, and in 1985, Antigua plunges backwards into time, into ever increasing social decay, back into the Dark Ages. The endless outages remind us how close we are to the Dark Ages.

Imagine, that just fifteen years short of the 21st century, we are still to obtain a regular supply of electricity. A year ago, the regime told us that with the newly installed generators, the problem was solved, at least until the year 2000. Today, housewives, businessmen, clerks, students, indeed the entire population cry out as their daily routine is forever interrupted by the dreaded and inevitable blackouts, most times without prior warning. We endure, for it has now become the norm rather than the exception. But how much longer can we tolerate this downright and patent mal-administration? We are after all a modern people!

A regular water supply, so essential to proper living is still nonexistent. "We must never again have to ask Miss Charles for water" said the Prime Minister. But no water conservation programme that would satisfy our domestic, agricultural, commercial and industrial needs have been implemented. In spite of the water crisis in recent years. The rains have come this year, so no need to worry. Maybe when the drought returns! But even without the drought, even with heavy rainfall, the waterless pipes for hours even days in some areas continue to be our hapless lot.

And there is more to this social retrogression. The dreadful housing and sanitation conditions which the regime continues to neglect is a heavy blow against progress and development. In 1985, in a so called developed nation, there is no modern sewage plant, but the unhealthy night soil, latrine, pasture, and swamp systems are still with us.

We could go on and on. Our health service, a major prerequisite for modern development continues to deteriorate. There are no plans to erect a new hospital, only hotels, a motor car assembly plant and a biscuit factory. Our educational system, continues to stagnate, with no direction, no attempt to promote a policy that would equip our youth with the necessary skills invaluable for national development. But the regime perceives development differently.

Also, in a country where the government owns most of the land, there is no agricultural policy. There is an essential need for self sufficiency in food and for failing to achieve that goal, the regime has destroyed our self respect as a people. The ability to feed oneself is the first step towards progress and development.

So the decay continues, leading to continued backwardness and unemployment, underemployment and general social decay. While the regime fiddles, divided among themselves, content to amass their personal fortunes through State power, the country wallows in the dregs of maladministration and disaster. To defend against the real forces of change, it screams communism, hoping to frighten the unsuspecting with a view to keep things as they are.

In the while, the Cabinet war lords, girding their loins for the upcoming internal battle, carefully demarcate their personal kingdoms. The people are forgotten, their sufferings ignored, in short, the regime just does not care.

But as far as the Prime Minister is concerned, Antigua has reached its zenith. With a standard of living higher than that of New York. Alas, allied to the darkness amongst us, there is ignorance in high places.

#### Problems at Hospital

St Johns THE WORKERS VOICE in English 14 Dec 85 p 1

[Text] The Holberton Hospital continues to be the Achilles Heel of this administration. In spite of complaints over the years the situation at the country's only hospital seems to worsen with every passing day. Sick persons visiting the hospital recently in order to get an X-ray were informed that the technician had resigned. A labourer working in construction, was paid to higher monthly salary than him. More recently those seeking to obtain an X-ray were told to come back as there were no films available, because the hospital defaulted on payment to one of its suppliers when it is not either of these stories then it is that the machines have broken down.

There seems to be a clear indication that the obstinate minister of health nor his dictatorial deputy has any clear cut policy for the Holberton Hospital. The Prime Minister, who decides, better have a very close look at the situation at the hospital before rating it as one of the best in the region.

Quite recently also, persons seeking to have their blood tested at Holberton were confronted by a sign on the lab informing them that they should go elsewhere as the Lab was experiencing some kind of problems. Imagine a poor person with their infant walking in the hot sun up to the hospital in order to get a blood test only to be confronted by the sign and some sympathetic nurse advising them to go elsewhere. It is a most deplorable situation, and it affects mainly the poor persons in this country. As soon as the minister or his Deputy sneeze twice in one day they fly to New York for a "check-up". Someone must start to care. The A.T.L.U. Executive has received many resolutions from its sections deploring the condition at the hospital, the lack of bandages and medicines, the shortage of linen, the abundance of roaches and mosquitoes, the shortage of qualified nurses. Even the student nurses having to wait nearly ten days after pay day for their salaries.

It seems as if the minister just does not care. He gets on the radio and T.V. and receives gifts for the hospital and chat all kind of nonsense. Even though it is his last term, the people expect him to try and improve the situation. He attends every meeting or conference abroad, even though the participant required may be an orderly. Stay at your desk, change your obstinate attitude and let the people see some improvement. When the present minister of labour had health as one of his portfolios the hospital was in a much better position.

This newspaper would like to tell the Rt. Hon. Prime Minister, to ignore your minister of Health and instruct that Medical Benefits Board divert some of the peoples money to making sure that the Holberton Hospital is properly equipped to meet the needs of the citizens of Antigua/Barbuda. Social Security and Medical Benefits money have been spent on less important projects, for Heavens sake spend some on the health of the poor people in this country. They must be offered proper health service or else your government boast that the people enjoy free health care, would have been reduced to a farce. Take the bull by the horns and declare 1986 the year of proper health care for the citizens of Antigua and Barbuda.

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CSO: 3298/257

ANTIGUA AND BARBUDA

HOUSE RESOLUTION SUPPORTS NASSAU UNDERSTANDING

St Johns THE WORKERS VOICE in English 30 Nov 85 p 1

[Text] At a meeting of the House of Representatives held on Monday 25th November, 1985, a Resolution approving the Nassau Understanding was approved.

The Resolution was piloted by the Deputy Prime Minister while supporting speeches came from the Hon. Hugh Marshall who is given the responsibility for Trade and Hon. Molwyn Joseph, Minister in the Ministry of Finance.

The Deputy expressed fear that the present Caricom Leaders did not have the will to make Caricom succeed. He said that it was at present in a moribund state. He was very concerned at the attitude of some member countries which introduced protectionist methods in order to hamper the smooth flow of Caricom products imported into their country.

Minister of Trade, Hugh Marshall went into more detail and accused Trinidad & Tobago of putting obstacles in the way of free trade in the region, and making it extremely difficult to get money out of their central bank.

He explained the dispute between B.W.I.A. and the Antigua Government, concerning the air route between Heathrow Airport in London and V.C. Bird International Airport in Antigua.

The Hon. Molwyn Joseph also pressed his concern that Antiguan and Barbudans would be called upon to buy inferior goods at a high rate and asked the Ministry of Trade to monitor the situation very closely.

Surprise was expressed by many persons in the community that a Resolution as important as the Nassau Understanding, where the Minister of Finance in his last Budget Speech claimed that if accepted, the standard of living of citizens would be lowered considerably, only produced such limited debate.

The Senate is due to debate the resolution next week.

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ANTIGUA AND BARBUDA

ACLM'S ROLE IN SUCCESSFUL OPPOSITION EXAMINED

St Johns OUTLET in English 6 Dec 85 pp 1, 2

[Text] The influential publication INSIGHT which is based in London and published by the West India Committee published a story on Antigua in which it is claimed "that no effective opposition could be maintained against the Government without some participation by the ACLM".

The story in INSIGHT states as follows:

"Quiet plans are under way in Antigua to build an opposition strong enough to contest the long-living Antigua Labour Party at the next elections, constitutionally due in 1989. The newly formed National Democratic Party has put out feelers to the powerful Antigua Workers' Union about some kind of alliance, and NDP leader Ivor Heath has also spoken of the need to include the Antigua Caribbean Liberation Movement (ACLM) in any accommodation among opposition forces. However, he could face opposition within his party if he moves in the direction of talks with the ACLM and its leader, Tim Hector.

"Nevertheless, NDP sources state that there is recognition within the party that no useful and effective opposition could be maintained against the Government without some participation by the ACLM. The party is moving towards formal talks with the AWU, which originally endorsed the Progressive Labour Movement, PLM, but later shifted loyalty to the United People's Movement when union leader George Walter resigned from the PLM to form the UPM.

"Since the 1984 general elections, certain elements in the AWU have been engaged in the early talks with the NDP. The NDP itself has been described as a middle-class party by the Government, including Prime Minister Vere Bird. It hopes to deflect some of this criticism by building a relationship with the working class, as represented by the AWU."

ACLM Vice Chairman Conrod Luke in commenting on the story said that ACLM "has not been approached by any other party or Union for any kind of unity talks". Continuing Vice Chairman Luke cautioned that "the fundamental issue is not just to change the Bird Government and thus replace coke with pepsi. The real issue is to end the foreignisation of Antigua, and to develop a National Economy. Without that, we can replace Bird, but the old mess will continue as occurred with the PLM which was also a merger of parties. ACLM's

commitment is to policy and programme of national investment and local control. We will not shift or be shifted from that goal just to come to power. ACLM will participate in any capacity, great or small, with anyone firmly committed to a policy and programme for a national economy. We have taken the heat, borne the burden of repression, held the fort of democratic opposition for a new democratic Antigua, freed from foreign control, and "They advise, I decide, one-man power". [quotation marks as published]

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ANTIGUA AND BARBUDA

BRIEFS

MINIMUM WAGE PROPOSAL--The Antigua Trades and Labour Union has written to the Govt. demanding a revision upwards of the National Minimum wage. The present scale was set in 1981 when that for females was \$1.25 per hour and males at \$1.50. The committee which advises the Hon. Minister of Labour on such matters has met on one or two occasions, but it would appear as if the Labour commissioner is experiencing difficulty in getting the Board to meet in order to agree on a new rate. Most non-established workers who work for Government were receiving the minimum wage until the Union negotiated an increase in their wages earlier this year. Some employers are still exploiting workers by paying them the absolute minimum after fifteen to twenty years of service with them. The Union finds this situation detestable and has called on the ALP Government to have it rectified urgently, especially in the rise of cost of living and the more excessive rise after the Nassau understanding has been accepted. [Text] [St Johns THE WORKERS VOICE in English 20 Nov 85 p 1] /6091

CSO: 3298/257



BRAZIL

## CRITERIA FOR COMPOSITION OF NEW MINISTERIAL TEAM DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Nov 85 p 2

[Article by Carlos Chagas]

[Text] Now that an extensive reshuffling of the cabinet has been scheduled for February following the collective resignation that will facilitate President Jose Sarney's task, the next step is to identify the criteria upon which the makeup of the new team will be based. There are four such criteria: efficiency and honesty, party considerations, federative considerations, and personal considerations.

Beginning at the end, we learn from Sarney's chief advisers at Planalto Palace that the members of the new cabinet will be recruited from among individuals enjoying the president's personal confidence--people whom he knows and trusts in a special way, not as friends and relatives but as politicians, businessmen, and intellectuals who are in tune with his thinking and with the goals being pursued. His team will enter the field unconditionally and with no regard for the previous team, which he received complete and already in place from President Tancredo Neves. Even the few civilian ministers who will continue in office will need to bear his mark so that, like the military ministers, they can be anointed and consecrated by his personal decision, thus representing a choice rather than an inheritance. For the president, that direct channel of acquaintance and, if possible, previous familiarity is indispensable, since his administration's objectives have been chosen: the social option, the resumption of economic growth, a wage policy aimed at making up for the losses suffered in recent years, sovereign handling of the foreign debt issue, structural reforms along the lines of agrarian reform, and so on. To move ahead with those policies and implement them with fewer obstacles in the way, it is essential that the cabinet be bound to the president by special ties. It must be not merely put together or accepted by him, but under obligation to him above its other obligations.

The federative criterion is part of the country's historical tradition and was not ignored even by the generals who were presidents under the autocratic and dictatorial regime. The various regions have always been represented, although the Center-South has enjoyed obvious supremacy over the North and Northeast. Since the president is a northeastern, that arrangement, which

provides a way of reducing tensions and preventing regionalist complaints, will become even more pronounced. There is no doubt that Jose Sarney will include that concern in his calculations, although he is not obligated to follow the pattern set by Tancredo Neves. Bahia has three representatives in the current cabinet for reasons of local politics, but it seems certain that that will not continue to be the case. But portfolios in the social area--not all of them, obviously--seem destined to be filled by northeasterners, just as, if we are not mistaken, the economic ministries will go to people from Sao Paulo.

The foundation stone underlying the structure of the new cabinet will be party considerations. That is one of the few revelations the president is consenting to make. He will not appoint ministers without consultation and dialogue with the party forces supporting him: the PMDB [Brazilian Democratic Movement Party], the PFL [Liberal Front Party], and that part of the PDS [Social Democratic Party] not supporting Maluf. In his view, the Democratic Alliance has been formed and has not been dissolved, and the attrition suffered at the local and state levels over the past few weeks is of little importance. The leaders and chairmen of the first two parties and the representatives of the third party's dissident group will participate with suggestions and opinions, and the ministries will be distributed among the slates in the same proportions as before. But this does not in any way mean that the PMDB and PFL will have the power to name ministers, since that would invalidate the personal criterion, which is just as important as the others. The results of the mayoral elections on the 15th will be a logical component of the party criterion.

#### Efficiency and Honesty

Finally, efficiency and honesty are a requirement without which no one will become minister. The idea is to select the right names for the right posts and thus prevent distortions likely to stir up tumult and harm the progress of the government's program of goals. A jurist, no matter how brilliant, will not get along well in an economic ministry, but if he is a politician as well, he will fit the Ministry of Justice like a glove. And so on. The president's concerns for the state will require ministers who are above all suspicion--recognized and esteemed for their honesty and experience, but not necessarily already tested in the federal administration, since that would amount to limiting the range of options.

Even with the main criteria for the makeup of the new cabinet having been established--all of them indispensable, with none predominating over the others--it is not easy to speculate in advance as to who is going to be a minister. It is known that the military will stay on for reasons of a specific nature. Even though having to present their resignations along with the civilians, Gen Leonidas Pires Goncalves (army), Gen Otavio Moreira Lima (air force), Adm Henrique Saboia (navy), Adm Jose Maria do Amaral Oliveira (Armed Forces General Staff), Gen Ivan de Souza Mendes (National Intelligence Service), and Gen Bayma Denys (Military Household) enjoy Sarney's confidence. There will be no reason to replace them. They will be confirmed and asked to remain in their posts.

Minister of Finance Dilson Funaro will also stay on, as will Marco Maciel (Education), who may be shifted to the Civilian Household, Aluisio Pimenta (Culture), and Aluisio Alves (Public Administration). There is talk of the possibility that the Ministry of Debureaucratization will be abolished and made a special secretariat of the Ministry of Public Administration. Antonio Carlos Magalhaes, minister of communications, may stay on if he wants to, and the same is true of one or two others: Roberto Gusmao of Industry and Commerce and Afonso Camargo Netto of Transportation.

The rule, however, is that there will be extensive replacements due the fact that at least 12 of the 27 ministers want to be candidates in the 1986 elections. Because of that, some who are loath to contend for votes may be led to do so anyway since they are on the verge of losing their cabinet posts.

Although a decision within the next few days will stipulate that ministers who are not congressmen must resign in February and that those who are congressmen must resign in May in order to run for office, it has been decided by the president himself that they will all leave in February. Their collective resignation and the thorough reshuffling of the cabinet are two sides to the same coin, and they are to take place without crises, traumas, or resentments.

Paulo Brossard, Celio Borja, Carlos Chiarelli, Jorge Konder Bornhausen, Guilherme Palmeira, Luiz Vianna Filho, and a few others are viable political alternatives, but anyone trying to pick names in advance from long lists of ministerial possibilities in the party area is in danger of making a blunder. The problem is that as a rule, the first-line politicians will be running for election or reelection in 1986. But some are senators whose terms do not expire until 1990. And others may be willing to sacrifice themselves. There is the possibility that the president will look for members of his future cabinet among businessmen who support him, examples being Antonio Ermirio de Moraes, Murilo Mendes, Jose Mindlin, Abilio Diniz, and others, but no one can give any guarantees. It seems preferable to wait until January, when the negotiations will begin.

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BRAZIL

## SECOND MONETARY REFORM SINCE 1964 DEEMED INEVITABLE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Nov 85 p 32

[Text] Brasilia--Twenty years ago the "new cruzeiro," stripped of three zeros, was born as part of the reform of the national monetary standard promoted by Octavio Gouvea de Bulhoes, the former minister of finance. The "anniversary" of that event is being commemorated today by studies aimed at introducing the 1-million-cruzeiro note, which will have no fewer than six zeros and be worth less than 1.5 times the minimum wage, while steps are already being taken to print 500,000-cruzeiro notes.

The current governor of the Central Bank, Fernaldo Bracher, denies it, but the truth is that it is necessity which will determine the adoption of a monetary reform--the second since 1964. On 13 November 1965, the then minister of finance, Octavio Gouvea de Bulhoes, outlined the reform of the national monetary standard that was implemented 2 years later with the introduction of the new cruzeiro, which remained legal tender until 1970.

Monetary reform was again studied when Antonio Carlos Lemgruber took over as governor of the Central Bank [BC] under the "New Republic." He resigned in August, and the matter was back where it started inside the BC. But that did not mean that a reform was no longer necessary and urgent. Lemgruber himself started the process. Under Resolution No 945 dated 21 August 1984, the BC ordered the elimination of centavos, a move which actually helped remove not two but three digits from the national currency, since the decimal point also disappeared. A deadline of 31 December 1985 was set for putting the change into effect, but Letter-Circular No 1,288 dated 9 October 1985 extended that deadline for another year.

The country's introduction to the age of computers has made one of two things necessary: either inflation must be halted or there must be continuous monetary reforms to eliminate the growing and automatic use of more digits in monetary figures. Experts at the Federal Data Processing Service (SERPRO) and in the Bank of Brazil's data processing department are of the opinion that the government must either reform the cruzeiro or stop inflation from increasing further.

But as long as inflation shows no signs of cooling off, monetary reform is inevitable--witness the fact that the Central Bank has already placed the 100,000-cruzeiro note in circulation to meet the requirements of the market and facilitate the transportation and handling of money, a difficult job when one has a large number of small banknotes in relation to the price of goods and services.

But the practice of printing money in larger denominations does not solve the problem as far as computers are concerned. SERPRO, for example, processes about 7.5 million income tax returns from individuals and corporations, while the Bank of Brazil adds and multiplies values from its 3,300 offices scattered all over the country and the rest of the world.

As long as monetary amounts are not shortened, all computer systems will have to be expanded, and even the displays of simpler calculators will have to be made larger. Otherwise, it will be impossible to multiply and add large sums electronically. Expanding computer capacity not only results in additional cost for the government and for firms: it also reduces computer productivity.

From January 1967 through October 1985, accumulated inflation in Brazil had reached the astronomical figure of 640.682 percent, and it will force introduction of the 1-million-cruzeiro note unless the government carries out another monetary reform. The 500,000-cruzeiro note was authorized by the National Monetary Council at its last meeting. The 100,000-cruzeiro note, bearing the picture of former President Juscelino Kubitschek, began circulating last 3 October.

It was during hand-to-hand combat with inflation that the monetary unit was changed from the "cruzeiro" to the "new cruzeiro" in 1965. The new cruzeiro, temporary in nature, came into being in 1967 and was worth 1,000 of the old units. A round black rubber stamp was used to add the words "Central Bank," the money value, and the words "centavos" or "new cruzeiro" to banknotes already in existence. The new nomenclature and the reduced value of the banknotes in existence until that time gave people the illusory impression that inflation had dropped. With the elimination of the "new cruzeiro" in 1970, the government found itself in the position of having to introduce new banknotes and coins as inflation continued to eat away at the value of the currency. The result was the appearance of banknotes in higher and higher denominations, leading eventually to today's notes in the denominations of 50,000 and 100,000 cruzeiros.

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BRAZIL

CAMPOS OIL FIELD PROJECTED TO YIELD 1 BILLION BARRELS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Nov 85 p 35

[Text] Rio de Janeiro--Superwells capable of producing from 10,000 to 15,000 barrels per day will extract the approximately 1 billion barrels of petroleum estimated to exist in the country's first giant oil field, which was discovered in the Campos Basin at the start of 1985. The discovery has now been confirmed by PETROBRAS on the basis of results from the drilling of three extension wells.

O ESTADO DE SAO PAULO and the JORNAL DA TARDE reported exclusively on 15 March that the giant field had been discovered. It was discovered as a result of drilling the pioneer well known as Rio de Janeiro Submarino 219 (abbreviated 1-RJS-219), located in a region where the depth of water is 853 meters. Delimitation of the field is not yet complete, but PETROBRAS experts say that based on the four wells drilled there to date, the firm has no doubt at all that it is a giant field probably containing more petroleum than all the other fields in the country, whose reserves currently total 1.2 billion barrels.

The new deposit is in the Campos Basin, 120 kilometers off the Rio de Janeiro coast in the direction of Feia Lagoon near the city of Campos. Its petroleum reservoirs are distributed at depths of between 400 and 1,000 meters, a situation that will require new production technology, since the deepest well to be completed in the country so far is under 383 meters of water.

According to PETROBRAS experts, the firm is already exploring various alternative systems for extracting petroleum from the new reservoir. One of them calls for installing a submerged platform about 300 meters under the surface of the sea to house all the production equipment, which would be connected to the wellhead on the sea bottom by flexible tubing. This would be one way of overcoming the problem arising from the great depths that PETROBRAS will have to face in order to be able to produce the petroleum located in the country's first giant oil field.

Imports

Instead of the \$3.3 billion forecast at the start of the year, Brazil's net expenditure of foreign exchange to import petroleum will total \$3.9 billion in

1985, according to an announcement yesterday by PETROBRAS marketing manager Carlos Santana. He and his advisers attribute that increase to the upward trend in the domestic consumption of petroleum products that has been noted since last July, the change of policy regarding petroleum inventories, and the problems arising from the export of alcohol.

Carlos Santana pointed out that despite the increase in oil imports, the net expenditure in foreign exchange on such imports will be \$1 billion less than in 1984. The total in 1984 came to \$4.8 billion, and in approximate figures, it was made up of \$6.7 billion spent on crude imports, plus \$142 million spent to purchase petroleum products abroad, minus \$2 billion earned from exports of petroleum products. The corresponding figures this year are \$5.4 billion for imports of crude oil, plus \$329 million spent to purchase petroleum products abroad, minus \$1.8 billion earned from exports of petroleum products.

#### Alcohol

Santana also announced that the problem of paying for the alcohol purchased from producers by PETROBRAS has been solved for 1985 thanks to the release of a 3.7-trillion-cruzeiro line of credit at no interest to finance the payments. The money will be repaid out of earnings from the sale of alcohol and petroleum products by PETROBRAS, whose pricing policy is currently under study by an interministerial group.

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BRAZIL

BRIEFS

ARMS CONTRACT WITH SAUDI ARABIA--Sao Jose dos Campos--"Brazil and the Saudis may sign what will be the largest defense contract ever to have only Third-World countries as partners." That prediction was made yesterday by sources at ENGESA [Specialized Engineers, Inc.], the country's largest manufacturer of armored vehicles for export, after a delegation headed by Prince Mohamed Fahrad Faysal visited the plant facilities in Sao Jose dos Campos. The 11-member Saudi mission visited a number of ordnance plants in the municipality and also toured the EMBRAER [Brazilian Aeronautics Company] and AVIBRAS [Aerospace Industry Corporation] facilities. Sources at EMBRAER emphasized that "the delegation we welcomed is from the technical sector. It visited Sao Jose dos Campos to get acquainted with the production lines at the nation's military industrial facilities and ascertain the technological age of our products." The Saudis showed that they were not interested in importing finished products. They want to manufacture them on the Arabian Peninsula under license and pay royalties to the Brazilian firms. It was learned at EMBRAER that the contract with the Saudis may exceed \$1 billion dollars in a 3-year program. One product that may be exported is the Tucano training aircraft for military pilots. Designed by EMBRAER, it is being manufactured under license in Egypt and in Belfast, Northern Ireland, for the Egyptian and British Air Forces. The Saudi visit to Sao Jose dos Campos is pursuant to an agreement signed recently by the Saudi minister of defense and aviation, Sultan 'Abd al-Aziz, and the Brazilian firms manufacturing war materiel. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Nov 85 p 14] 11798

ORANGE EXPORTS--The 1985-1986 orange crop, which is still being harvested, should earn the country about \$800 million from exports of over 750,000 tons of concentrated orange juice, according to estimates made yesterday by the chairman of ABRASSUCOS and based on results compiled through 30 September. He emphasized, however, that those results will be achieved only "if the current rules established by the government remain in force." According to the figures supplied by Branco Peres, the first quarter of the harvest (July through September) earned a total of \$189.6 million from the sale of 135,400 tons at \$1,400 per ton. With the reduction by CACEX [Foreign Trade Department] of the registered price beginning with the balance remaining from the second quarter, about \$630 million should be "guaranteed," and that figure should reach \$800 million as a result of renewed consumption in the United States and Europe, according to the analysis by ABRASSUCOS. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Nov 85 p 36] 11798

CSO: 3342/30



CHILE

## SANTIAGO RESIDENTS POLLED ON CHANGING STANDARD OF LIVING

Santiago ERCILLA in Spanish 19 Dec 85 pp 46-50

[Text] Major changes in the life style and mentality of the Santiagoan have occurred as a result of the economic crisis that Chile has suffered during recent years. This is inferred from the recent poll commissioned by the magazine QUE PASA to the firm ADIMARK, which brought up the most varied topics relating to the economic situation of the residents of Greater Santiago, and its effects in the personal, familial and social areas.

In order to survive, 23.1 percent of the Santiagoans polled claimed to have sold things of value (a car, television set); 14.1 percent said that they had had to change their children's schools; and 12.6 percent admitted having moved to a cheaper house. The Santiagoan currently claims that he saves insofar as he is able; and 81.9 percent said that they send their shoes to be repaired so as to avoid buying new ones.

The problem of unemployment and debt are two issues of concern to those polled by QUE PASA. A total of 27.1 percent of Santiagoans claim not to have a paid job; what is even more important, nearly 56.9 percent do not feel stable in their present employment. Although the special employment plans (PEM [Minimum Employment Plan] and POJH [Employment for Heads of Households Program]) are not viewed as good solutions to the unemployment program (70.9 percent of those polled replied negatively when asked whether they would accept a job from these plans), 46.7 percent think that both the PEM and POJH should be increased to accommodate more individuals.

At present, 29.3 percent of Santiagoans have some type of debt. The major debts are those for consumer goods (65.5 percent) and those for housing (25.9 percent). Of the total number of debtors, 50 percent admitted to being in arrears in the payment of installments or dividends. One important item of information: 44.7 percent of Santiagoans consider it morally acceptable not to pay, given the present circumstances that the country is undergoing.

The consequences of the severe economic deterioration being experienced by the country are seriously affecting personal and familial relations. The marital relations of 31.2 percent of Santiagoans have grown worse, and the general familial relations of 27.6 percent have done so; while 59.3 percent of Santiagoans claim that their state of mind has become worse.

A total of 69.3 percent of those polled said that the authorities have not been concerned about the problems of Chileans, and that their attention has been focused on aiding mainly large debtors, while disregarding medium and small-sized debtors; and 68.3 percent think that suitable policies have not been enacted to resolve the crisis.

#### Methodology:

##### Public Opinion Poll

The public opinion poll was taken by ADIMARK, between 21 November and 5 December of this year.

The sample is of the probabilistic type, associated with heads of households residing in Greater Santiago. The households included in the sample were selected using an aleatory (random) method, based on internationally accepted systems for this type of study.

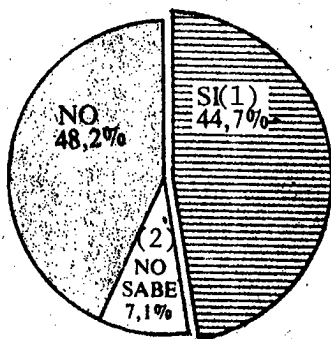
The total sample amounted to 200 individuals. The sample error is set at between 3.0 and 4.0 percent. The distribution of the sample, according to socioeconomic level, is as follows: high: 10.5 percent; middle: 52.0 percent; low: 37.5 percent.

#### I. Ethics

To 44.7 percent of Santiaguans, not paying their debts at this time is "acceptable." The justification is "the economic circumstances that the country is undergoing."

A larger proportion of those on the high level consider non-payment of debts under the present circumstances to be acceptable.

Do you consider it acceptable not to pay debts under the present circumstances?



Key to Chart 1:

1. Yes
2. Don't know

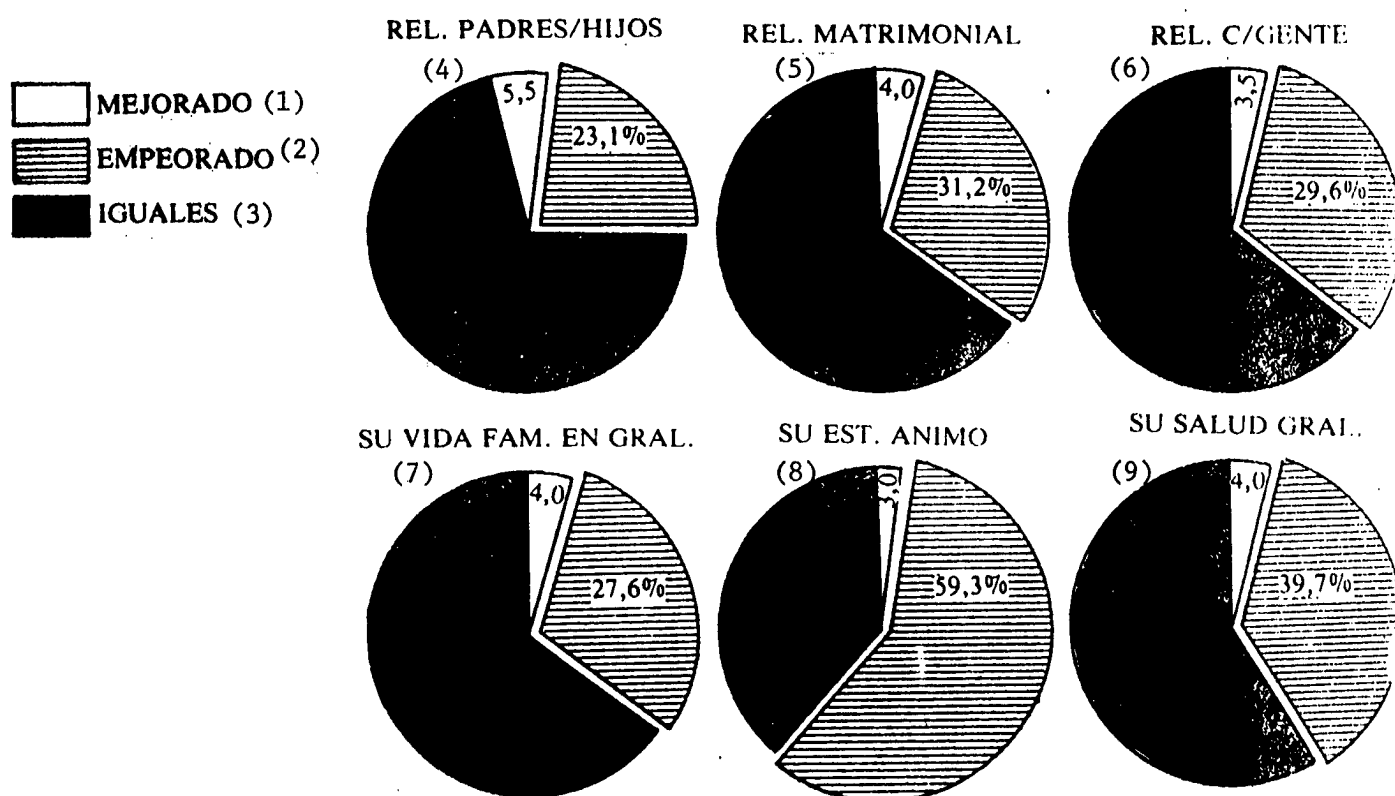
## II. Familial Relations Stemming From the Crisis

A major deterioration has affected personal and familial relations as a result of the economic crisis besetting the country. In the poll, QUE PASA discovered that marital relations have worsened 31.2 percent, and parent-child relations, 23.1 percent.

It is interesting to note that, in the upper socioeconomic sector, economic problems have a lesser effect on personal and familial relations; whereas the effect is far greater among the medium and lower sectors.

A total of 59.3 percent of Santiaguans claim that their state of mind has been affected by the economic crisis, and 39.7 percent claim that they have observed their health deteriorated.

### 1. Effects of the economic problems on personal relations.



Key to Chart 2:

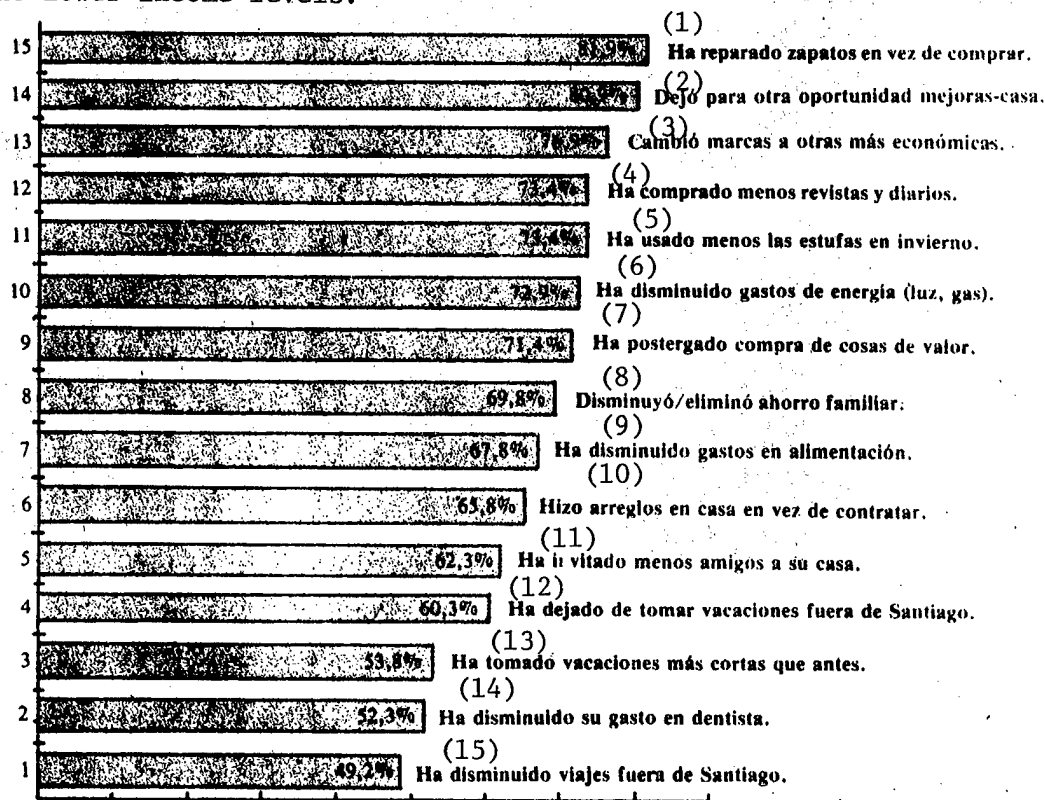
1. Improved
2. Worsened
3. The same
4. Parent/child relations
5. Marital relations
6. Relations with people
7. Your family life in general
8. Your state of mind
9. Your general health

### III. Family Adjustments Because of Economic Problems

The economic crisis affecting the country has caused major changes in the habits of Santiagoans. The poll taken by ADIMARK disclosed that a high percentage of Santiagoans have cut their spending on fuel, food, recreation, and purchases of newspapers and magazines. In order to be able to support themselves, 23.1 percent of those polls admitted having sold things of value (a car, television set); 14.1 percent said that they had changed their children's schools; and 12.6 percent said that they had moved to a cheaper house.

One important item of information is the Santiagoans' admission that their level of family savings has declined drastically (69.8 percent).

It is interesting to note that the change in habits is more severe among those on the lower income levels.



% de la muestra que responde sí. (16)

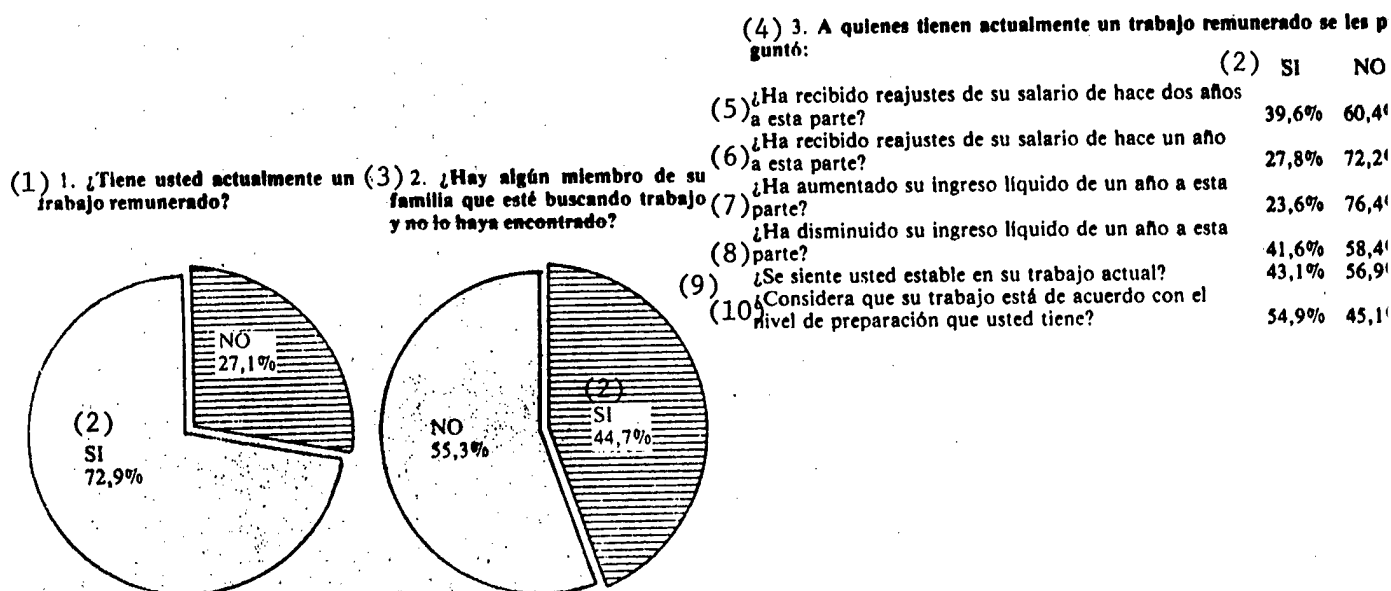
# Key to Chart 3:

1. Have repaired shoes instead of buying.
2. Left home improvements for another occasion.
3. Changed brands to other more economical ones.
4. Bought fewer magazines and newspapers.
5. Used heaters less in winter.
6. Reduced energy costs (light, gas).
7. Postponed buying things of value.
8. Reduced/eliminated family savings.
9. Cut spending on food.
10. Made home repairs instead of contracting.
11. Invited fewer friends to the house.
12. Stopped taking vacations outside Santiago.
13. Took shorter vacations than previously.
14. Cut spending on dentistry.
15. Reduced travel outside Santiago.
16. % of the sample answering "yes."

## IV. Status of Employment

Of the Santiagoans queried by QUE PASA, 27.1 percent said that they lacked a paid job at present, while 44.7 percent stated that a relative of theirs was seeking employment. This first figure closely approaches the unemployment rates added to the official one, plus the PEM and POJH.

A high percentage of individuals claimed not to have received readjustments during the past 2 years, or in 1985; while 56.9 percent estimated that they did not feel stable in their present employment.

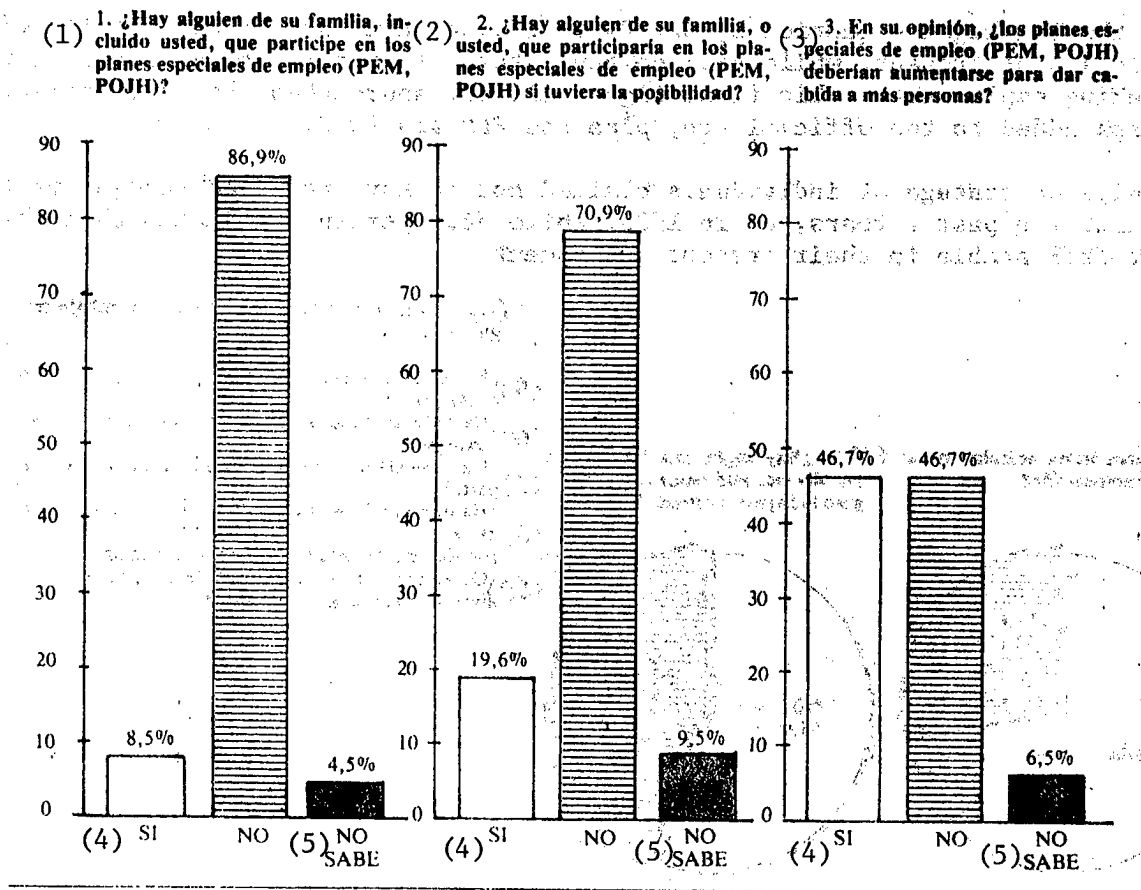


Key to Chart 4:

1. Do you currently have a paid job?
2. Yes
3. Is there any member of your family seeking work who has not found it?
4. Those who currently have a paid job were asked:
5. Have you received readjustments in your salary during the past 2 years?
6. Have you received readjustments in your salary during the past year?
7. Has your net income increased during the past year?
8. Has your net income decreased during the past year?
9. Do you feel stable in your present job?
10. Do you think that your job is in keeping with your level of training?

V. Special Employment Plans

A total of 46.7 percent of Santiagoans told QUE PASA that they consider it necessary to increase the special employment plans, PEM and POJH, to accommodate more people. Nevertheless, when those polled were asked whether they or anyone in their family would participate in the special employment plans if they had the opportunity, 70.9 percent answered negatively. Of those polled, only 8.5 percent said that they were currently in one of these special employment plans.



#### Key to Chart 5:

1. Is there anyone in your family, including you, who is participating in the special employment plans (PEM, POJH)?
2. Is there anyone in your family, or you, who would participate in the special employment plans (PEM, POJH), if you had the opportunity?
3. In your opinion, should the special employment plans (PEM, POJH) be increased to accommodate more people?
4. Yes
5. Don't know

#### VI. Salaries

Santiagoans believe that an adequate salary for a parent with two children could not be less than 35,800 pesos, on the average, and that pay exceeding 76,300 pesos is a "good salary." This is inferred from the responses given to QUE PASA by the Santiagoans who were questioned about the issue of salaries, wages and distribution of family spending.

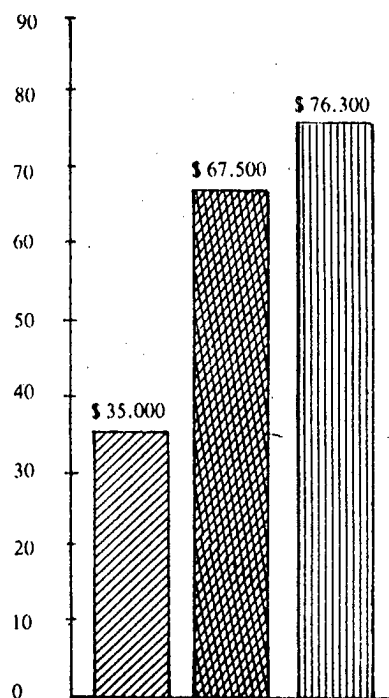
With regard to this latter topic, the distribution of spending proved to be completely different, depending on the socioeconomic levels. Whereas, in the low-level sectors, 67.6 percent of the income is used for food, in the upper-level ones the spending on food amounts to only 33.5 percent. On the other hand, education is more important in the distribution of the budget on the upper socioeconomic level than on the lower one.

As an average, it may be said that 56.5 percent of the budget of Santiagoans is used for food, 6.6 percent for education, 9.5 percent for rent or payment of dividends, 14 percent for payment of bills (water, light) and 13.4 percent for other items.

Following is the perception of salaries estimated as "minimum," "adequate for meeting needs," and "good" among the upper, middle and lower economic levels.

(1) Nota: Percepción promedio sueldos

MILES DE \$ (2)



		Mínimo (3)	Adecuado (4)	Bueno (5)
(6)	Alto	\$ 55.800	\$ 147.500	\$ 131.800
(7)	Medio	\$ 36.700	\$ 69.600	\$ 76.600
(8)	Bajo	\$ 29.100	\$ 43.100	\$ 61.100

Key to Chart 6:

1. Note: average salary perception
2. Thousands of pesos
3. Minimum
4. Adequate
5. Good
6. Upper
- 7.. Middle
8. Lower

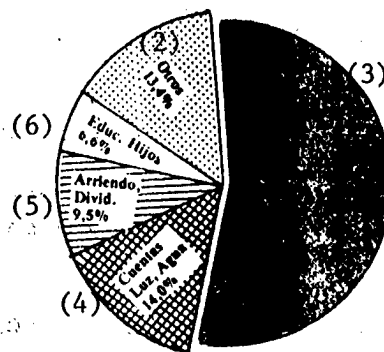
Following is the distribution of family spending based on socioeconomic levels:

Food: upper: 33.5%; middle: 52.9%; lower: 67.6%

Education: upper: 12.3%; middle: 6.7%; lower: 4.9%



(1) Distribución promedio del gasto familiar



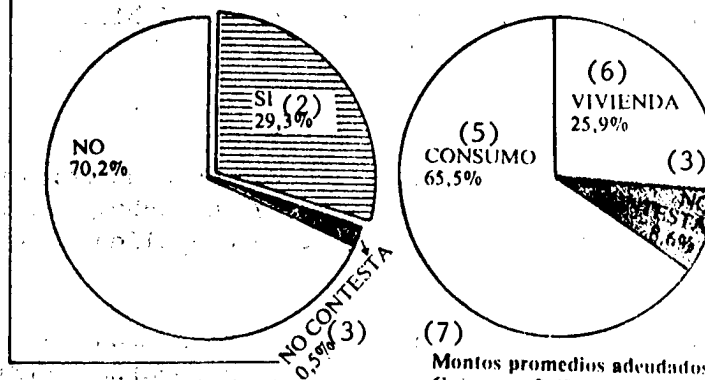
Key to Chart 7:

1. Average distribution of family spending
2. Others
3. Food
4. Bills: light water
5. Rent, dividends
6. Children's education

#### VII. Debts

A total of 29.3 percent of the Santiaguans polled by QUE PASA admitted having some kind of debt. The major type of debt is that for consumer goods (65.6 percent), followed by that for housing (25.9 percent). The average amounts of the debts are 48,100 pesos per capita for consumer goods, and 930,200 pesos per capita for housing.

(1) 1. ¿Tiene usted actualmente algún tipo de deuda en dinero (letras, créditos, etc.)? (4) 2. Tipos de créditos que tienen las familias.



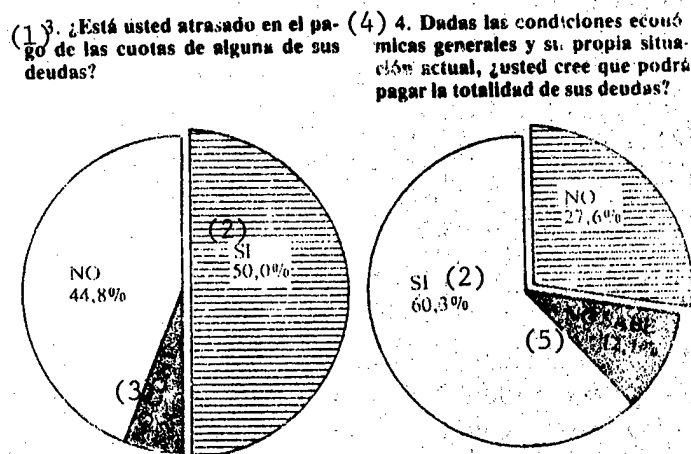
(7) Montos promedios adeudados  
Consumo: \$ 48.100  
Vivienda: \$ 930.200

Key to Chart 8:

1. Do you currently have any kind of debt in money (bills, credit, etc.)?
2. Yes
3. No answer
4. Types of credit that families have
5. Consumption
6. Housing
7. Average amounts owed: consumption: 48,100 pesos; housing: 930,200 pesos

Of the debtors, 50 percent told QUE PASA that they were behind in the payment of installments, a situation that is far more severe on the lower socioeconomic levels than on the middle ones.

Of the total number of debtors queried, 27.6 percent believe that, given the present economic conditions, they will be unable to pay their entire debts.



Key to Chart 9:

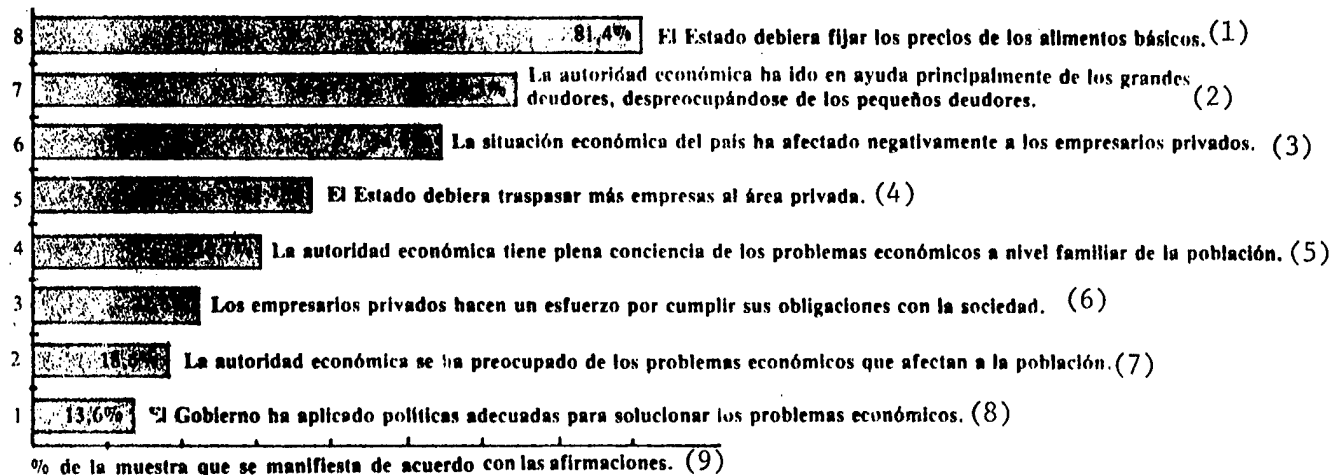
1. Are you behind in the payment of the installments on any of your debts?
2. Yes
3. No answer
4. Given the general economic conditions and your own present situation, do you think that you will be able to pay all your debts?
5. Don't know

### VIII. Economic Policies

A total of 18.6 percent of Santiaguans think that the authorities have been concerned about the economic problems affecting the population, while 13.6 percent believe that suitable solutions have been applied to solve the economic problems.

With regard to the debt issue, 64.3 percent of Santiaguans feel that the authorities have aided primarily the large debtors, unconcerned about small debtors.

When Santiagoans were asked whether they thought the state should set prices of staple foods, 81.4 percent responded affirmatively.



Key to Chart 10:

1. The state should set the prices of staple foods.
2. The economic authorities have aided primarily large debtors, unconcerned about small debtors.
3. The country's economic situation has affected private business owners negatively.
4. The state should transfer more business firms to the private area.
5. The economic authorities are fully aware of the population's economic problems on the family level.
6. Private business owners are making an effort to fulfill their obligations to the society.
7. The economic authorities have been concerned about the economic problems affecting the population.
8. The government has applied suitable policies for solving the economic problems.
9. % of the sample expressing agreement with the statements

2909

CSO: 3348/315

CHILE

## NATION'S PROFESSIONAL CLASS SEEN SUFFERING FROM LACK OF JOBS

Santiago QUE PASA in Spanish 12 Dec 85 pp 45-49

[Text] They are not the ones with the most opportunities for driving a Mercedes, living in San Damian, and traveling to Europe. Furthermore, for many doctors, lawyers, engineers and, how ironic!, architects, a "home of their own" is an almost unattainable dream. It is harsh...but dreadfully real. The "professionals" in Chile are experiencing hard times. Not only are meager job offers, low salaries and few opportunities for promotion affecting the perpetual "poor relatives" of the families of the country's degree holders, namely, the teachers; now, there are also doctors, lawyers, engineers, architects, and even economists who are nostalgically viewing a past in which "it went well" for them. But for the inevitable exceptions, in almost all the associations, the thermometer is reading "cold-cold": discouragement, skepticism, frustration. The reality falls short of the expectations.

Those who were filled with pride upon receiving the best grades in Chile in the PAA [academic aptitude test], those endued with glory upon entering the door of the national universities for access to the most coveted degrees in our society, those who heard in classrooms that they were part of the nation's elite and were called upon to hold the reins of its culture, are now having their "egos" hurt. But the profession has clout, and the "diploma" carries weight in our society. And all of them, some more and other less, trust that better times will come, and that the current situation is based only on the economic crisis that the country is undergoing. Are they right? There is, unquestionably, some truth in this; but there are also some who claim that the cause of the problem besetting the professionals has far deeper roots.

### A 'Breeding Ground' for Leaders

Who are these professionals? What significance do they have for our country? According to information provided by the National Institute of Statistics, they constitute less than 7 percent of Chile's economically active population. They are an elite trained in our universities, which are currently offering about 29,000 exclusive slots for over 80,000 applicants. Select of the select, those who can breathe easily after reading their name twice in the newspaper (first, when their PAA grades are published, and later, when they are acknowledged among those accepted) must spend several years studying,

and "wrestling" with the books. Therefore, upon receiving their degree, they feel "different," "superior," and illustrious children of the nation. And the nation admires them. Therein lies their power: the professionals can have a deep influence on the society, because the society has confidence in them. Therein lies the danger as well: the professionals' dissatisfaction works like a time bomb which sooner or later, will explode and affect everyone. Generator of ideas, thinking elite: the country's union and political leaders emerge from the mass of professionals. A study made by the Catholic University in 1979 discovered that the people thought that doctors, engineers, economists, architects and lawyers were the professionals who deserved the most prestige; a prestige which (in turn) gave them access and a right to high salaries and important positions, to influencing people and fulfilling important needs, and to enjoying free schedules and independence in the practice of their professions. Although the situation has changed in 6 years, it may be said that these five professionals are still the ones with the greatest status in Chile. For this very reason, they feel the blow dealt by the economic crisis and the lack of money so intensely.

### The Glory and the Tragedy of Lawyers

Lawyers (12,000 registered in the respective professional association, an organization which, nevertheless, admits that it has not omitted the deceased) recall that most of the senators and deputies that the country has had, as well as the largest number of presidents of the republic, came from their ranks. They were the great "advisers" of Chile; in addition to engaging in judicial endeavors per se, they advised business owners and bankers, holding key positions. They were present in the channels of the country's development.

Today, their function has been reduced. Their voices do not echo in any chamber of the National Congress (goodbye, public office!); they were displaced from the banks and business firms during the "boom" by the economists; and now that they might begin to regain ground, they are observing the engineers advancing (goodbye, economic office!). Insofar as personnel management is concerned, they have been replaced by business administrators; and so, little by little, all that is left to them is their work as lawyers per se. In fact, that has meant fewer jobs for them, and an excessive supply of services. And, since Decree Law No 3,621 prevents them from setting the rates for their services, in the long run it is a market law that inexorably dictates that the greater the supply, the lower the prices. Patricio Aylwin and Jaime Jara, members of the board of directors of the Bar Association, agree in pointing out that their association is experiencing difficult times. They remark: "The bulk of our activity is confined to legal collection from debtors who do not pay, or the defense of debtors in danger of going to jail. It is depressing."

There was a time when practicing the profession independently and having an office of one's own was the maximum goal. Achieving this today is very difficult. A lawyer spends 15 or 20 years forming a clientele, and he cannot even opt for a different job for half a day that would support his private activity; because the salary from that job would not suffice to make a living.

But lawyers are not complaining about the loss of their income alone; they are also observing a decline in their prestige. They claim that people no longer believe in them: "People are seeing laws appear overnight, and changing the results of lawsuits, also overnight. They are seeing serious things happen in the country, which later go unpunished. The scales of justice seem rather to be the scales of injustice, and the reaction of Chileans is: 'It's not worthwhile resorting to an attorney.'" The picture is gloomy for the pettifoggers; but they consider themselves to possess a virtue that other professionals lack: judgment. Hence, they feel capable of replacing journalists and business administrators in the country. For this reason, they too trust that, sooner or later, their time of glory will return.

#### Doctors Who Pay to Work

The sad grievances of doctors are not unknown to anyone. The illusion of "saving lives" has been destroyed by a dilemma currently afflicting them: How can they earn their own living? With incredible salaries of 20,000 or 25,000 pesos for working half a day in a hospital, the new graduates now regard themselves as fortunate: There are many who have to work free, in order to be available in the event that vacancies may occur in some hospital. And, furthermore, others "pay" to work: Their grants are self-financed, and in this way they procure some specialty. Marry and raise a family? Only if the chosen woman can support them until they become productive. Although some attempt to set up their private offices, there are two realities which tie them to the hospital: In the latter, they are the teachers, and if they leave, they are left behind; and, moreover, in their offices, there is mental distress. Few people have the money for private treatment, and those who can afford it select "experienced" physicians. At present, another wound is painning doctors: They, the men in white, whom nurses, aides and patients obey without saying a word, whom everyone "looks up to" in a hospital, now find themselves controlled and directed by administrators appointed by the Ministry of Health. They charge that the number of X-rays that they order, the remedies that they prescribe, what they request and what they do not request are controlled. One doctor from a Santiago hospital recounts: "One cannot work in that way. We have become people who spend most of our time contriving tricks to surmount the obstacles set by the administrators." And their tragedy continues, with other well-known stories: "The patients are dying, because there are no economic facilities for saving them; the hospitals are falling apart from old age. A 'boom'? It never existed for this association."

#### Nostalgic Architects

There was (on the other hand) a "boom" for architects: Between 1979 and 1981, the city was filled with business "spirals" and the hills were covered with monumental residences; at least five new districts came into existence. In spite of this, at present, adding and subtracting, the architects think that the "boom," conversely, harmed them. It created the illusion of a paradise which did not exist, and returning to reality meant a hard blow.

Victor Gubbins, chairman of the Association of Architects, explains: "During the 'boom,' the government created the facilities allowing the architects who worked as public employees to leave their jobs and transfer, so as to freely practice their profession. In this way, the administrative apparatus was reduced and, incidentally, greater external competition was created. With the dollar 'frozen' at 39 pesos, many acquired debts, and embarked upon ambitious projects. Now, they are suffering the consequences." Alberto Moreira, director of the School of Architecture at the Catholic University, adds: "With the majority engaged in private activity, the field of social architecture was left open to those who considered themselves to possess more complete views of construction. But we are the only ones who take all the deciding factors affecting the district into consideration; only we take into consideration the man who is going to inhabit a dwelling. There is no doubt that the 'boom' and the desire for profit which the latter nurtured belittled our profession."

At present, architects are living on the nostalgia caused by a country which is not building. Gubbins explains that, of course, things are going very well for some architects. "But they do not number more than 300, among the 4,000 existing in the country." To alleviate the lack of money, many have turned to different activities: they decorate, design furniture and stroll through auctions. Most of them have become resigned, at least, to not being millionaires. However, there is no depression in the association. Gubbins explains: "We architects are very unusual people; the more dissatisfied we are, the more things we do. We are organizing seminars, and participating in biennial events and symposiums."

#### Engineers...and Engineers

In 1973, only 350 students were graduated from the Catholic University's School of Commercial Engineering. Today, about 800, including business administrators and economists, are being graduated. Something similar is occurring in the country's other schools of economics. And the fact is that this association was the one which suddenly found itself most spoiled by the economic "boom" that Chile experienced; a "boom" which, moreover, began and ended with them. Because when the present government decided to assign the economic management to a group of economists (the "Chicago boys"), and the country found that things were resulting, everyone wanted to have an economist heading his business firm. Banks, ministries and industries hired them and offered them salaries that were admittedly high. Then came the downfall: whether or not one calls it a recession, the fact is that the accusing fingers were pointed at them again, and the word "out!" resounded in the government and in business firms. As a result, this too affected the interest in studying the profession; something which was made evident when the grades of the last student accepted was the lowest during those years. At present, the situation has improved for economists, and they are being called upon to occupy important posts. But their prosperity will never be like that of past years; primarily because they will no longer enjoy the exclusive status in economic management: Some lawyers have regained the ground that they lost during the "boom" and the promising figure of the civil engineers is looming on the horizon.

The civil engineers (labeled "squares" because of their meticulousness and perfectionism) feel proud: They argue: "Mathematics, a science of sages, because it goes hand in hand with philosophy and metaphysics, offers a mental discipline like none other." For this reason, they do not think it fair that there should be about 30 percent unemployment in their association; an unemployment which is not reflected merely in the lack of work, but also in the fact that there are engineers engaged in anything except numbers. "The major employer of engineers was industrial enterprise, and, with the sharp rise in imports, the latter suffered a standstill," explains Eduardo Arriagada, chairman of the Association of Engineers. He goes on to say: "The country must grow, and to achieve this investment is required. Today, more than ever, this country needs businessmen, and therefore we are engaged in the drive to train people with initiative, businessmen who start out from below." And they, the engineers, feel that they are capable of achieving this. At the university, there are already workshops on "systems analysis," in which the engineering students can learn how to operate in the field of business management. But the engineers also think that they have "character" and the "gift of command," for assuming a critical role: They have always had to battle with foremen, managers and clients. And, hence, they are good negotiators. In this regard, they view the future with optimism: "The current crisis situation will have to change; then, the engineers will be there. Furthermore, the generators of the country's advancement will be the engineers. We have a great deal to do," claims Eduardo Arriagada.

#### Honor Preserved

But, unquestionably, optimism is not a constant among Chilean professionals. How to emerge from the crisis is the dilemma for many of them. Investing, risking, invading the business world has been the course of action chosen by some, but it is not the solution for all of them. As noted by Gabriel Gyarmati, an engineer and sociologist, and present dean of the Catholic University's School of Social Sciences, the problem of the professionals reveals a more deepseated conflict. "It is paradoxical that, in the West, including Chile, most people do not have access to justice for lack of legal advice, and yet, there is an excess of lawyers; that people lack access to health, and that doctors have no jobs; that low-cost housing is provided less than regular housing, and that architects are unemployed. It is irrational." And he puts forth his theory: "What happened is that, after the two world wars of this century, the Western societies changed. Today, the governments are involving professionals in their economic development programs. In spite of this, the latter are still being governed by cultural patterns of the 19th century, when they practiced independently, reaching direct understandings with their clients. That has caused maladjustment, and the consequences will persist so long as the professions fail to reconsider their training and practice." Hence, according to Gyarmati, it is not a matter of the presence or absence of a "boom": The entire society must rethink what professionals represent in it. Meanwhile, the latter have already begun debating this. At a recent symposium, the Chilean Federation of Professional



Associations discussed the issue. In attendance there were some lawyers (impeccable, with collar and tie), doctors (who during their free time surely listen to chamber music, do oil painting and manicure their hands), and architects (cultivating their different, bohemian look); and the meticulous engineers and economists were claiming that they were not the ones to blame for the trouble. All were concerned, but with heads held high; because the pride in their association is something that they have, indeed, not lost.

2909

CSO: 3348/315

CHILE

BRIEFS

EMERGENCY ZONE CHIEFS NAMED--In accordance with the first article of Decree 1,594, which declares the regions, provinces and communities of the country as zones in a state of emergency, the following Armed Forces officers are appointed regular national defense chiefs in them for a period of 90 days: First Region: Brig Gen Gaston Daniel Frez Arancibia. Second Region: Maj Gen Alfredo Orlando Calderon Campusano. Third Region: Army Lt Col Gabriel Robinson Allende Figueroa. Fourth Region: Army Col Hernan Ramirez Rugange. Fifth Region: (except for provinces of Valparaiso, San Antonio and Isla de Pascua [Easter Island]), Army Col Rafael Enrique Villarroel Carmona. Valparaiso Province: Vice Adm Hernan Rivera Calderon. Metropolitan Region and San Antonio Province: Brig Gen Carlos Eugenio Ojeda Vargas. Sixth Region: Army Lt Col Raul Adolfo Moyano Vatel. Seventh Region: Army Col Patricio Hernan Varela Saldias. Eighth Region: (except for communities of Talcahuano, Penco and Tome), Brig Gen Eduardo Ibanez Tilleria. Communities of Talcahuano, Penco and Tome: Ship Capt Eduardo Alvayay Fuentes. Ninth Region: Army Col Miguel Alfonso Espinoza Guzman. 10th Region: (except for provinces of Llanquihue, Chiloé and Palena, Brig Gen Hernan Eduardo Castellon Keitel. Llanquihue and Chiloé Provinces: Air Brig Gen Jaime Belisario Lavin Farinas. 11th Region and Palena Province: Brig Gen Jaime Arturo Gonzalez Vergarda. 12th Region: Maj Gen Luis Danus Covian. Interior Decree 1,594 also orders that all the Armed Forces and public order and security forces located in or arriving in the jurisdictional territory of these zones in a state of emergency will come under the respective chief's authority. [Excerpt] [Santiago EL MERCURIO in Spanish 15 Dec 85 p C-3] 2909

INVESTMENT IN OSORNO ARAB BANK--Osorno--Yesterday, it was learned that the financial group headed by the businessman Suleiman Abdel Aziz Al Rajih, owner of the Rupanco estate, is backing the negotiations begun by Chilean investors of Arab descent, and that he has already made official his interest in participating in the activities of the new financial institution to be called the Arab Bank of Osorno. One of the leading investors who arrived in Osorno yesterday to continue the talks aimed at attracting potential stockholders said that the negotiations are well under way. The member of the group of eight principal investors remarked: "We have achieved major progress after being given the 'green light' by the Superintendency of Banks to initiate contacts." He noted that, as soon as a favorable conclusion is reached, the intention of purchasing the majority package of shares of stock being held by the Bank of Santiago will be made official, although the volume of the transaction was not determined. He commented that, "The idea is to revitalize

the country's financial and economic activity through this bank, by means of procuring fresh money from abroad, and not making it subject to domestic savings." According to the account, Suleiman Al Rajih, currently in London, expressed "his gratification" at the proposal to establish a bank identified with the Saudi Arabian world; reaffirming his interest in the revival of an area in which the Rupanco estate, with an area of 47,000 hectares, which he purchased 3 years ago for \$28 million, is located. [Text] [Santiago EL MERCURIO in Spanish 18 Dec 85 p B-3] 2909

CSO: 3348/315

COLOMBIA

NONTRADITIONAL EXPORT SUBSIDIES TO BE REDUCED IN 1986

Bogota EL TIEMPO in Spanish 4 Dec 85 pp 1-A, 5-B

[Article by Jose Suarez]

[Text] Colombia will substantially reduce its subsidies to nontraditional exports next year since the exchange balance has recovered due to the high rate of devaluation of the peso compared to the U.S. dollar and also because of commitments agreed on with the IMF.

The main instrument that gives incentive to the so-called "minor exports," the CERT [Tax Reimbursement Certificate], will drop at least nine points (about 9 percent) in 1986, according to what EL TIEMPO learned from sources on the economic team.

The decree that will establish next year's CERT levels will be announced next week once the final study carried out with the Ministry of Development, Ministry of Agriculture, and National Planning as well as with private associations is finished.

The maximum level of the CERT granted now to certain minor exports is 25 percent. In 1986 that maximum level will be barely 14 or 16 percent.

The average level of this support for exports is now 14 percent, not including products like flowers, coal, and others that do not benefit from that incentive. That average level next year will be less than 10 percent as a result of the general decrease in the CERT.

Government spokesmen explained that the main reason for that reduction is the high rate of devaluation in the last 2 years. By the end of 1985, the Colombian peso could recover the situation of equilibrium with the dollar that it had in 1975. The devaluation is another major tool to stimulate exporters since they obtain more pesos for each dollar their sales abroad produce. The devaluation can have a broader effect than the CERT since there is no discrimination and every exporter (including coffee exporters) benefits from higher revenue in pesos.

According to government projections, nominal devaluation will be about 50 percent when the current year ends; real devaluation will be less than 30

percent. As of last September, the peso had managed to recover 20 points with respect to the dollar, according to the Bank of the Republic.

In addition to this factor, the sources indicated that the CERT measures being prepared also deal with the country's commitments to the IMF to lower what foreigners consider export subsidies, specifically the CERT.

They noted that the fact that a decree on that instrument is being prepared confirms the announcements by the government that the CERT will not be eliminated as the IMF wanted. Members of the economic team stated: "In 1986, exporters will not only have prudential CERT levels, but a real exchange rate, sufficient credit through PROEXPO [Export Promotion Fund], and a defined policy of support to that sector."

Colombia aspires to export so-called nontraditional products totaling between \$2,010,000,000 and \$2,357,000,000 next year, according to the government's export plan. The recovery of this sector has been verified this year. It is estimated that the goals will be achieved so that, with the restriction on imports, the country will overcome its trade balance deficit.

The changes to be introduced in the CERT are being prepared by a special PROEXPO committee which is advised by experts similar to the advisers of the Monetary Council.

In recent months, the government had already introduced adjustments to that mechanism due to the preliminary effects of the devaluation. Thus, the CERT was eliminated from all foreign trade operations carried out through the systems of barter, triangulation, or compensation. It was also eliminated for cacao exports to any ALADI [Latin American Integration Association] country. The levels were reduced for exports of textiles and ready-made clothing to the United States and eliminated for flowers sold to the United States.

The highest levels of the CERT were reached in 1984, about 35 percent for many different products. That level was later reduced to the maximum of 25 percent in effect today.

Colombia has occasionally faced lawsuits in the United States because of claims that U.S. producers and workers presented against subsidized Colombian products. In each case, the CERT has been specifically mentioned and products like leather goods, textiles, ready-made clothing, and flowers have had to reduce or eliminate that incentive.

#### Optimistic Situation

The economic team feels that the decrease in the levels of the CERT will not affect the foreign sector of the national economy, discarding the prospect of any loss of dynamism in minor exports.

It was pointed out that coffee sales on the world market will bring the country more revenue next year than in 1985 due to climate problems that other producing countries, especially Brazil, face. It is estimated that, with the current price level, coffee revenue next year will be between \$1.8 billion and

\$2 billion. The situation of the sector is so optimistic that the coffee growers calculate that the National Coffee Fund will have more than 60 billion pesos by September 1986.

The country will also be exporting about \$600 million in coal and a little less than \$500 million in oil. Exports of fuel oil will total more than \$450 million and there will be an equal savings of foreign currency by no longer importing crude oil.

Colombia will also receive disbursements from new credits signed in the last months of 1985 and from previous operations. It is estimated that there will be real revenue of between \$500 million and \$1 billion in the first half of next year.

Anticipation of that improved situation for the foreign sector of the economy can be seen in the decision of the Executive Council for Foreign Trade and the Monetary Council to raise the 1986 budget for the payment of reimbursable imports to \$3.6 billion. In other words, imports will receive \$300 million per month compared to \$250 million per month in the last 2 years.

Finally, the sources indicated that these facts will be reflected in an improvement in Colombia's foreign debt service coefficient, now more than 40 percent.

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CSO: 3348/299

COLOMBIA

STUDY CONCLUDES ONLY 12 PERCENT OF NATIONAL LANDS ARABLE

Bogota EL TIEMPO in Spanish 16 Dec 85 p 12-D

[Article by Hector Hernando Trujillo]

[Text] Only 12 percent of Colombian land is suitable for agriculture, according to the agricultural-ecological map that the IGAC [Agustin Codazzi Geographic Institute] just released after 5 years of research.

The director of the IGAC, Alvaro Gonzalez Fletcher, stated: "The agricultural and agrarian reform planners will have to use this map, drawn up with scientists from the ICA [Colombian Agricultural-Livestock Institute]. It clearly shows the soil quality and the zones suitable for food production, livestock, and protective and exploitable woods, and the location and exact size of marshes, swamps, rivers, and lakes and their current condition and potential. It will also be valuable for INDERENA [Institute for Development of Renewable Natural Resources] in planning its environmental protection policy."

According to the research, the areas suitable for agriculture cover about 14,274,000 hectares. Some 3,500,000 hectares can be irrigated (3.1 percent) and the remaining 10,774,000 (9.5 percent) can be used for non-irrigated crops with transitory cultivation on the flat land and slopes. The agricultural land can be rotated between crops and livestock, but agriculture should be more intensive the better the quality of the soil.

Livestock and Woods

There is more area suitable for livestock, 19,394,625 hectares or 17 percent of the total land in the country. About 7.4 percent of the livestock area can be used for extensive livestock with agriculture; 4.4 percent can be used for extensive livestock; and 5.2 percent can be used for very extensive livestock.

Areas where woods predominate cover 78,247,093 hectares which represents 68.4 percent of national territory. About 10.5 percent of this area has some agricultural-livestock potential. According to the map, 81.7 percent of Colombian territory has a warm climate while 9.1 percent has a medium climate, and 6.6 percent a cold climate. The remaining 2.6 percent is bleak wilderness.

According to the new research, Colombia has high plains which range from hilly landscapes over 40.5 percent of the territory; marine, wind, and alluvial plateaus on 20.2 percent; altiplanos on 0.6 percent; hills and mountains on 10 percent; and mountain ranges on 26.4 percent. Masses of water--marshes, swamps, and rivers--cover 2 percent and urban zones occupy 2 percent.

#### Regions of Colombia

The surface of the country, according to the map, can be divided into the following natural regions: the Caribbean Region with 10,134,341 hectares or 8.9 percent; the Pacific region with 6,443,000 hectares (5.6 percent); the Andean region, which includes the inter-Andean valleys (Magdalena and Cauca) and the Sierra Nevada de Santa Marta, with 34,625,000 hectares (20.2 percent); and the Amazon region with 39,875,334 hectares or 34.9 percent.

#### New Federation

At the same time this map was released, the Federation of Earth Sciences was created to be a government consultant. It includes professionals in the fields of geography, cartography, geology, cadastre, and meteorology. It will be very useful when natural disasters like the Arenas volcano eruption in Armero occur. The group is led by Victor Alvarez, current president of the Colombian Association of Geographers. Its headquarters will be in the IGAC Building.

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COLOMBIA

DUTCH OIL CONSORTIUM SEEKS COMPENSATION FOR PIPELINE

Bogota EL TIEMPO in Spanish 15 Dec 85 p 2-A

[Text] The Royal Boskalis Westminster N.V.-Pamar S.A.-Condisa S.A. consortium demanded that ECOPETROL [Colombian Petroleum Enterprise] pay it 1.5 billion pesos for the additional work it had to pay for out of its own pocket when constructing a 190-kilometer fuel pipeline between the departments of Cesar and Santander.

Rudolf J. C. Van Westerhoven, representative of the consortium in Colombia, told the president of ECOPETROL, Alfredo Carvajal Sinisterra, that after the parties committed themselves to a certain sized project, the consortium was forced to construct a larger one.

The project under discussion is the fuel pipeline from the Galan station in Santander to the Ayacucho station in Cesar. The construction cost was 1 billion pesos but if the Dutch-Colombian consortium succeeds in its demand, it will cost ECOPETROL a total of 2.5 billion pesos--that is, 150 percent more than budgeted.

Westerhoven alleged in his claim that when the project started, the Barrancabermeja Refining and Petrochemical Industrial Complex relayed to the Pipelines District which was in charge of the administration of the project its concern that the trap on the fuel pipeline not be mounted in the planned site but taken to its own property. This meant a 3-kilometer extension in the construction.

The consortium also had to overcome topographical problems which required a change in the construction procedure as the project it bid on progressed.

The contractor started and finished the project not covered in the contract despite the fact that it was no longer on open land where the mechanical equipment could maneuver freely or land that permitted easy access to laborers. Also the contractor no longer imposed the work system or freely scheduled the work based on his needs. This was done by those who requested the additional work.

## Arbitration

The conflict is now in the arbitration court. ECOPETROL, through its comptroller's office, estimated that the cost of the project which differed from the bidding solicitation and, therefore, from the signed contract was identical to the cost of a similar extension where the regular line ran.

The consortium, however, has requested payment of 1.5 billion pesos based on the following arguments:

1. That the contracts signed did not include any segment between PK 0-000 indicated on plan BCA-AY-T-004 as the beginning of the project and the installations of the Barrancabermeja Refining and Petrochemical Industrial Complex. Therefore, the project constructed between these two points "should not be paid for with the prices indicated in the contract but based on its actual cost."
2. ECOPETROL did not comply with contract LEG 088-83 since it delivered different pipe to the contractor than it was supposed to supply.
3. The contracts mentioned did not include the installation of any type of pipe using the so-called "launching" construction system.
4. Certain projects that, according to the contract, met the requirements were not paid for as under-river crossings despite having been constructed and received by the enterprise as under-river crossings.
5. The system used to measure under-river crossings during the project was different than the one indicated in Plan D-007 on which the contract was based.
6. The contractor was supplied excessively dirty and corroded pipe as a result of inadequate and faulty storage.
7. The contractor was not given the route on time so the enterprise must pay the costs entailed due to that noncompliance.

Finally, the consortium hopes that the costs of arbitration will also be paid for by ECOPETROL.

7717

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3 February 1986

## COLOMBIA

## RESULTS OF 2-YEAR STUDY ON MINING DEVELOPMENT ANNOUNCED

Bogota EL TIEMPO in Spanish 16 Dec 85 pp 1-B, 6-B, 7-B

[Article by Jose Fernando Lopez]

[Text] For some years the image has spread of Colombia as a mining "emporium," as a country with the solution to all its problems buried in the subsoil.

However, the truth is that this perception is mainly based on intuition since, apart from the large deposits already found and being exploited, Colombia knows very little about its mining resources.

Three-fourths of national territory is unexplored and, therefore, the geological information needed to consider its exploitation is not available.

Extracting the ores detected in the other fourth will require large investments. Benefits for the country will largely depend on the policies that are adopted for exploitation and management of the resources generated by this activity.

Seeking to confront these problems, the government hired a consortium more than 2 years ago to do a study in order to recommend to the government the bases for a National Mining Development Plan. This consortium is formed by the Institute of Colombian Studies headed by former minister Roberto Arenas Bonilla and the Integral engineering firm.

The study which was directed by Arenas Bonilla himself and coordinated by economist Ingrid Caceres was recently delivered to the government. The results were summarized in 31 partial reports and 1 final report.

Because of the importance of the topic and the controversy that projects of the scope of Cerro Matoso and El Cerrejon have aroused, EL TIEMPO talked with the authors of the plan about its final results and its main recommendations.

## Mining Wealth

The first thing that the study points out is precisely the lack of information about the real mining wealth of the country. Consequently, its first recommendation is to give priority to financing an exploration program to

complement the so-called "National Geological Map" that INGEOMINAS [Geological-Mining Research Institute] has drawn up with great effort, but which only covers 25 percent of national territory.

The exploration program would cost 5.2 billion (1985) pesos. Therefore, the study recommends stimulating a combination of foreign and national private capital.

The study points out that "a consistent policy on international technical assistance could help finance and carry out the exploration program." It states that such a proposal would be well received by the United Nations and its specialized organizations. Arenas Bonilla stated: "Experience shows that the technical assistance projects in the mining sector that have yielded the greatest benefits are those that have the objective of geological exploration and prefeasibility and feasibility studies."

#### Preventing Failures

One of the most interesting points of the study is related to production policies. It states: "The merit of the study lies not only in advising about new prospects for mining production, but also recommending caution and prudence in decisions that could lead to national commitments to mining undertakings that could later result in resounding economic failures."

In general terms, the study is critical about the large mining projects on which the country has embarked. "A poor country like ours should be very cautious and not take on commitments that concentrate large amounts of financial resources on a project of slow maturation and with results that, in many cases, depend on factors beyond its control."

Within that framework and with the knowledge of possible deposits, the study recommends a production plan and policies for management of the exploitations based on a careful analysis of the domestic and foreign markets and what its authors call "established mining facts."

#### Cost of Programs

The production plan gives special importance to small and medium mining projects which would require investments of only about 3.5 billion current pesos in the next 5 years. "The recommendations concern measures for better use of current resources and complementation with funds generated internally that would cover all the costs," according to Arenas Bonilla.

For the rest of the mining production, the plan includes two scenarios with a time span of 20 years. The basic scenario is based on current mining conditions and the optimistic scenario is based on the favorable reaction of variables that affect the evolution of the sector.

In the first scenario, the production programs would require investments of \$3 billion, excluding those already done and planned in El Cerrejon Norte. The optimistic scenario would require financing of \$8.4 billion (1985) pesos.

According to those who drew up the plan, "almost all of the mentioned investments refer to new coal projects needed to reach the export goals outlined. In the first scenario, the goal for exporting coal would be 25 million tons per year by the end of the century. In the optimistic scenario, that goal is 46 million tons per year."

#### Sources of Financing

According to Arenas Bonilla, the planned investments "should be defined by an evaluation of the alternatives for global financing of the economy and an evaluation of the social benefit they would yield." In his opinion, special importance should be given to debt policies "since this is a factor that affects the economic stability and growth of the nation." Thus, "decisions on debt cannot be autonomous decisions of sectors or entities without measuring their effects on the rest of the economy, particularly when those decisions concentrate a high percentage of public credit on one or a few projects."

The former minister recalled that current prospects are affected by the shortage of resources and that "the new programs cannot count on significant contributions from the state."

He said: "The ministry's budget is relatively small; it equals 2.5 percent of the total national budget. It only reached 16 billion pesos in 1984 despite large growth."

The largest state contribution, in his opinion, would be to the decentralized enterprises that have large budgets. "Nevertheless, the difficult financial situation of the entities in the sector, at least in the short and medium term, do not permit the hope that they will invest profits in new projects."

#### Importance of Royalties

He stated that such gloomy budget prospects demonstrate the importance of good management of the resources generated by the exploitation of nonrenewable resources--royalties, taxes, and foreign currency--for mining development and for development of the country in general.

Royalties that "should be sure revenue for the state, not tied to contingencies of business management or the markets," should receive special attention. They could be an important factor for financing investments if the current tendency to divide them up is controlled. In the case of coal, for example, distribution of the royalty has meant that the National Coal Fund has less than 20 percent of the total available in cash.

According to the authors of the plan, export prospects make it indispensable to plan the best use of the taxes and foreign currency generated so that they contribute to the development of that activity. Exports of natural resources must not be used just to solve the exchange problems of the country.

## Insufficient Domestic, Foreign Credit

As to the availability of domestic credit to finance mining projects, prospects are poor, according to Arenas Bonilla.

The former minister stated: "For some time the financial system has been suffering a crisis of proportionality. Its evolution did not progress at the necessary rate for the country's progress in the 1960's and 1970's. Despite the high profitability of that activity during that time, its capitalization was left behind because of the financial needs of national development. For that reason, Colombian commercial banking cannot be expected to do much to finance these investments."

As to foreign credit, "the current situation is very different from the end of the last decade. The lack of revitalization of the world economy, excessive precaution toward risk, the austere credit policies of international banking, the high interest rates, and the price changes as a result of weaker demand have ended the 'boom' of large mining projects."

## Foreign Investment

Since the limited domestic resources demand the search for foreign savings to complement the necessary financing and given the noted limitations for foreign credit, the need to turn to foreign investment is obvious. According to Arenas Bonilla, it is indispensable that the government carefully design its policy in that area in order to achieve equilibrium between the necessary stimuli and effective control of the exploitation of the natural resources of the country.

The first thing that should be made clear, according to the authors of the study, is that "the interests of the large enterprises (that would have the capacity and would be interested in investing in the sector) and those of Colombia are not necessarily the same." In effect, "the enterprises pursue acceptable economic yields in the project or might be seeking a diversification of risks, since it is not unusual for a conglomerate to seek exaggerated yields at the international level. On the other hand, the state mainly wants the exploitation of its resources to serve an economic development policy based on the interests of the people."

Based on these considerations, the studies recommend expanding the range of alternatives the country might have for international contracting as much as possible so that the state adopt what is best for the interests of the country.

The authors especially recommend including within the new alternatives a new focus on mining concessions to make them another legal instrument from which the country can obtain social, economic, and technological benefits.

As to relations with international organizations, the study recommends action that "seeks to guarantee financial cooperation based on the priority projects in the plan, according to our own analysis of the markets and the relative advantages for exploitation."

## Strengthen the Ministry

According to the authors, the adoption of the Mining Plan within the National Development Plan and the realization of the programs and projects recommended require the strengthening of the Ministry of Mines and Energy "so that it can fulfill its responsibilities in public administration." "The organization of a team of top experts at the service of the ministry with the objective of guaranteeing sufficient knowledge and the experience necessary for a good decision-making process" is especially indispensable.

Whether the mining sector effectively becomes a motor of national development in the coming years and whether the perception that many people now have of Colombia as a mining "emporium" becomes even a partial reality depend on these decisions.

7717

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COLOMBIA

BRIEFS

**GOVERNMENT RAISES CREDIT STANDARDS--**The government toughened minimal conditions under which the Colombian private sector can obtain foreign credit for working capital or investment in enterprises that produce exportable goods in the agricultural-livestock, mining, and industrial sectors. No credit agreement can be signed for a term of less than 5 years (until yesterday it was 3 years) and the grace period must not be less than 2 years (it had been 1 year). The government also eliminated the requirement of consigning 95 percent of the value of any export 20 days in advance of the request for the respective exchange license, but only for credit amortization. The consignment can be made the same day as the request. [Excerpt] [Bogota EL TIEMPO in Spanish 7 Dec 85 p 7-B] 7717

**MINIMUM WAGE INCREASED--**The government, management, and workers unanimously agreed yesterday on a 24-percent increase in the minimum wage. Beginning 2 January, it will be 16,811.42 pesos per month, equivalent to 560.38 per day. This agreement benefits more than 3 million Colombian workers who receive the minimum wage. The wage increase means 108.46 more pesos per day. The president of ANDI [National Association of Industrialists], Fabio Echeverri Corréa, supported the government and the workers in their request that the minimum wage be increased 24 percent "because it is fair for people with lower incomes and because it will help revitalize the national economy." However, the presidents of SAC [Association of Colombian Farmers] and FENALCO [National Federation of Businessmen], Carlos Ossa Escobar and Juan Martin Caicedo Ferrer, agreed with ACOPI [Colombian Association of Small Industries], represented by Juan Alfredo Pinto Saavedra, warning that they had agreed to the increase because there was no other alternative. Their reservation was that it might have serious consequences for the national economy. Echeverri Corréa took a mediating position. When the deliberations of the National Salary Council ended cordially, he said that, in his opinion, the increase will not hurt the manufacturing industry "because, fortunately, it has done well this year. Its growth by the end of this year might reach 4.7 percent, 4.8 percent, or possibly even 5 percent." He added: "I don't think that the prospects for economic growth or development are good for Colombia merely because of the sudden coffee bonanza this week, but because of industry's good performance now. The effect of the coffee bonanza on the country will depend on it not being handled like it was in 1975." [By German Navarrete] [Excerpt] [Bogota EL TIEMPO in Spanish 14 Dec 85 p 1-A] 7717  
CSO: 3348/299



DOMINICA

## CIVIL SERVANTS STRIKE SETTLED; CHARLES COMMENTS

### Terms of Settlement

Roseau THE NEW CHRONICLE in English 13 Dec 85 p 1

[Article by Morris Cyrille]

[Text]

Shortly before one o'clock on Sunday morning, December 8, striking civil servants accepted one of government's offer in their pay dispute and decided to go back to work on Monday morning.

The Government offer is 8.5 % for the first year July 1, 1985 to June 30, 1986, 5 % for the second year and 7 % for the third. It was one of several which Prime Minister Mary Eugenia Charles made to the Civil Service Association negotiating team during a six-hour marathon session last Saturday up to about 10.00 p.m.

The Civil Service Association had earlier scheduled a public meeting for that Saturday night in Lagon, Roseau to bring to the public their side of the story in the impasse with

government which led to a three-day strike from Thursday, December 5. CSA General Secretary Arthur Smith described the agreement with Government as not bad at all. But the question to his mind is why should it have taken a strike by the public service to get Government to offer that 8.5 % "which indicates that there was the capacity to pay, but for the strike, would not have been paid, and we do know that Government offered the Association 4% .... And so one is left to wonder if the government ever approached the matter seriously and in good faith as is expected of every government."

The agreement between Government and the Civil Service Association which was signed last Sunday spelt out the terms of the increases, and specified that no disciplinary action would be taken against civil servants in

respect of having gone on strike. It also agreed that Government shall make every effort to pay salaries for the month of December by December 24, 1985 and back-pay by December 31, 1985. Another of the items in the agreement says 'workers who withheld their labour in pursuance of industrial action shall not be entitled to salary or wages in respect of the days on which they were on strike.'

Prime Minister  
Eugenia Charles  
commenting to the NEW CHRONICLE of the recent three-day strike by the Civil Service Association said that the CSA strike did not achieve what it wanted. It only succeeded in achieving a lot of bitterness because the CSA leaders lost control. At no time did we have less

than 80 % of the civil servants at work.

"The strike was completely unnecessary", continued the Prime Minister. The CSA started negotiating from a ridiculously high figure, 47.5% and so we had to bring it down. If they had started at a reasonable figure, we would never have

reached that impasse."

Miss Charles added that the CSA should have gone on negotiating instead of going on strike.

"The negotiations left a lot of bitterness in the country which we will have to work hard to eradicate, because the leaders of the strike lost control."

#### Prime Minister's Remarks

Roseau THE NEW CHRONICLE in English 13 Dec 85 p 8

[Article headed: The PM Speaks "We Will Have To Find Ways." No other attribution given.]

[Text]

During the weekend Government and the Civil Servants Association Executive arrived at a formula for settling the dispute which arose over the increase of wages. It has been agreed that the increase shall commence from the 1st of July - to correspond with the commencement of Government's financial year.

The increase from the 1st of July 1985 will amount to 8.5%, the increase in the second year will be 5% and the increase in the third year will be 7%. This is an average annual increase of 6.8 %. The total to be paid in the three years will be \$15,735,286. It is therefore well to realise that at the end of three years Civil Servants will be receiving \$50 million of the revenue that Government receives.

We will have to find ways of keeping the payments to civil servants at a lower proportion of the revenue. As I have already pointed out to you this can be done by a heavier tax burden (which we wish to avoid), by trimming the civil service and by greater production. Government will pay

attention to the method by which the Civil Service can be trimmed while increasing the efficiency. This is an ongoing exercise.

But increased productivity will depend a great deal on you taking an even greater effort to produce and especially on the civil servants to really earn the salaries that are being paid to them. There are many civil servants who give their very best but there are also many of them who do not realise that they are also important in the drive for productivity and they must make a real effort to ensure that the coffers are filled if they do not wish the excuse of "computer breaking down" to become again common parlance in Dominica.

A strike always engenders a mood of bit-

when the strikers do not receive what they were striking for and the workers who continued to work are apt to be the subject of harassment both during the strike and after it has ended. Since the majority of workers were always at work the persons who went out on strike will lay the blame on them for the failure of the strike. On the two days that they were out from work many workers who had decided to cease to work for Government went to the work place and harassed those workers who were continuing with their employment. I presume that now that this has been drawn to the attention of the leaders of the Civil Servants they will advise their members that such action was despicable.

I know that many of you are appalled at the language that was used at the civil servants at their headquarters. But you must understand that there is a fever which enters into people

when they stand before a microphone especially when they are unaccustomed to addressing crowds. They get carried away with the power which they seem to have because their voices are carried far into the distance. They become irrational and they say things which in their sane and quiet mind they would never think of uttering.

Failure of grandiose plans also make people irrational and cause them to be insulting and use vituperative language. Do not allow such behaviour to poison the relations which exist between Dominicans. We are all one, those who are receiving the fat civil servant salaries, those who are unemployed, and those who are receiving the smaller salaries of the commercial world. But our duties remain the same - loyalty to the country in which we live and this must be demonstrated of giving of our best fearlessly but also fairly.

Thanks must be given to persons who assisted or tried to assist during this past week - the members of the Church Council, the Labour Commissioner who on his own (with no request from Government) tried to negotiate between the parties. But special thanks must go to Government's negotiating team who for the months past have been meeting with the Executive and bearing the insults meted out to them by the General Secretary and who last Saturday night worked late into the night evaluating various computations - 21 in number - in an attempt to arrive at a solution. Thanks to all civil servants who continued with their contract of employment during the strike.

There is no doubt that Government cannot afford the increases that have been given and only with your added hard work will we be able to raise the money. Our policy of tax reduction is intended to create

more savings which will go into the development of the country and we will try to adhere to that policy so long as we can.

The strike, short as it was, has been an informative period for me. I have been able to adhere to the principles which I have held in the past and I have been able to come out of it without any bitterness but with a further appreciation of people and their motives and emotions.

Now that it is over let us get back to work and see if we can increase the coffers to enable us to meet the new burdensome obligations placed on us. Thanks to you the employers for your very vociferous and enlightened support - leaving aside politics and concentrating on what is good for the country.

And to my special political supporters - do not concern yourself with the abuse which was heard at the C.S.A. meetings. Ignore it and help us to build OUR country.

/6091

CSO: 3298/262

3 February 1986

## DOMINICA

## GOVERNMENT, OPPOSITION CLASH OVER WALK-OUTS IN HOUSE

Roseau THE NEW CHRONICLE in English 13 Dec 85 p 1

[Text]

Prime Minister Eugenia Charles told Parliamentarians on Monday, that if Opposition members continue to exempt themselves from their duties by walking out of the House of Assembly at each meeting, without official approval, the matter of their salaries should be looked into.

The Prime Minister spoke shortly after the Opposition Dominica Labour Party staged its third consecutive walk-out, from the House of Assembly. The Opposition is protesting Governments' decision not to carry live the proceedings of the House of Assembly.

Opposition Leader Michael Douglas calling this a gross disrespect to democracy formed a one-man demonstration at the time of Queen's visit here in October. However, he was out of State for Monday's proceedings.

Wesley MP Elford Henry told Speaker of the House, Marie Davis-Pierre, that the position of the Opposition on the subject of live broadcasts is the same as of their last meeting.

Cautioning the Opposition on their stand Mrs. Davis-Pierre said, "if you walk out of the House you are not

effectively representing your constituency."

However, the Opposition members chose to disregard the Speaker, and promptly walked out of the House led by Senator Henry.

Thirteen Government bills were approved by the House. See stories inside.

/6091

CSO: 3298/262

DOMINICA

BRIEFS

PUBLIC DEBT--Prime Minister, and Minister of Finance Eugenia Charles, told Parliament on Monday, that Dominica has a public debt of EC \$160 million including \$27.9 million owed to the International Monetary Fund (IMF). Miss Charles said that the island owed EC\$38.08 million for capital projects and a further EC\$6.6 million to the Eastern Caribbean Central Bank. Indirect contingent liabilities stood at EC\$54.6 million while debentures and treasury bills stood at \$13.8 million and \$16.1 million respectively, the Prime Minister added. She said although the deficit on the island's consolidated fund at the end of June was 51.5 million EC dollars, it should be noted that the figure does not take into account 32.4 million EC dollars received from the IMF during the period 1980-81 to 1984-85. This amount she said, was not treated as revenue, but was accounted for as financing according to international practice. Therefore in cash terms the accumulated deficit at the end of June would be EC \$19.1 million she said. [Text] [Roseau THE NEW CHRONICLE in English 13 Dec 85 p 3] /6091

CANADIAN WATER AID--A total of Canadian \$412,700.00 from the Canadian Government is being made available for improving Dominica's water system. The Canadian funds will provide for technical assistance, infrastructure repair, a stand-pipe improvements programme, water resources inventory and a water quality monitoring programme. Leak detection and water catchment protection programmes will also be undertaken. It also provides for a bulk water sales marketing study to determine the viability of offshore water sales in the Caribbean region. [Text] [Roseau THE NEW CHRONICLE in English 13 Dec 85 p 3] /6091

CSO: 3298/262

GRENADA

ASSESSMENT OF ALEXIS-BRIZAN NNP LEADERSHIP CONTEST

Port-of-Spain TRINIDAD GUARDIAN in English 21 Dec 85 p 9

[Anonymous column "The Caribbean Scene": "Looks Like Alexis Is Man To Be Blaize's Deputy"]

[Text]

ST. GEORGE'S, (Cana):

GRENADA'S ruling New National Party (NNP) appears to have settled, at least temporarily, the question of who should be deputy Political Leader and next in line to succeed ailing Prime Minister Herbert Blaize.

Labour Minister Dr. Francis Alexis, Grenada's ruling New National Party (NNP) got the nod over archrival and Minister of Agriculture and Tourism, George Brizan, after a robust inaugural conference earlier this month.

Alexis, a former university law lecturer, told Cana he saw his election as a sign that people within the party were looking to him for leadership.

COMMITTED

"I am committed to working for national unity, working for party unity, supporting my political leader and doing all that I can to advance the country," Alexis said, apparently referring to reports of disunity within the ranks of the NNP.

But Blaize has quashed any hopes that Alexis might be appointed as Deputy Prime Minister. The position is vacant but Blaize's longtime political aide, Ben Jones acts as Prime Minister when the occasion warrants.

"Any misconception that we might have that the Deputy Political Leader is also the Deputy Prime Minister let me make it quite clear that there is no such connection whatsoever.

"A party does not address itself to the question of who might or might not be Deputy Prime Minister, Blaize said at the close of the convention.

Blaize had twice tried unsuccessfully to change the rules and have two deputies elected.

His final attempt was made even after the votes are cast and he realised the closeness of the result — only nine votes separated Alexis and Brizan.

The 67-year-old Party Leader himself was elected unopposed as the party rallied around him following reports a few months ago that some Cabinet members, resentful of his autocratic style, were trying to unseat him.

Blaize himself dismissed any suggestions of a party rift.

"Let them ... who expect to inject dissension among the

ranks of the New National

Party people and those who

expect that this conven-

tion would break up

because of factionalism

and all that kind of nonsense, ...

know this time we are here to

confirm what we began last year

and to push on forward on the

path of rescuing this land of

Grenada, Carriacou and Petit

Martinique," the Prime Minister

said in a 45-minute speech at

the start of the conference.

CONFERENCE

The NNP, a three-party merger, was formed four months before the December 1984 general election at the prompting of the United States and its Caribbean allies, who feared a split moderate vote may have allowed victory by extremists. It won 14 of the 15 seats in the election.

Of the three parties, Blaize headed the Grenada National Party (GNP) which is the only one with experience in government.

Alexis led the Grenada Democratic Movement and Brizan, the National Democratic Party, both new groups which went into abeyance after 1984.

The party has had a difficult course steering Grenada back to political and economic normality after a prolonged period of uncertainty.

Blaize's illness — he walks with a stick because of arthritis in his legs and he spent most of September and part of October in an American hospital after undergoing surgery — has cast somewhat of a cloud over the government.

However, according to aides, he still stubbornly insists on a heavy workload, despite sugges-

tions that he should delegate more of his responsibilities, which include Finance, National Security and Information.

Blaize has reported some progress on the economic front on his first year in office, and noted that a number of investment projects, mainly in the hotel sector, had begun.

Real growth this year is projected to reach three per cent, compared with 1.9 per cent last year.

But at the conference, most of Blaize's remarks were confined to what he perceives as a continuing threat of Communism.

He told Grenadians to be on guard against leftist elements who held power from 1979-1983 before being ousted in a U.S.-led invasion.

"Believe you me, they (leftists) are working hard. They don't sleep. They don't rest."

/6091

CSO: 3298/263

3 February 1986

## GRENADA

## BRIEFS

CARRIACOU LIVESTOCK PROGRAM--The Caribbean Agricultural Research and Development Institute (CARDI) is to implement a livestock programme in Carriacou. CARDI will supervise the fencing, planting, management, harvesting and storage of Leucaena and Guinea Grass. CARDI received funds for the project from the Canadian International Development Agency (CIDA) recently. Demonstration plots will assist the local farmers on how to cultivate crops for animal feed in order to increase productivity of their sheep. [Text] [St Georges THE GRENADIAN VOICE in English 30 Nov 85 p F] /6091

CSO: 3298/263



GUYANA

BRIEFS

ATTACK ON CATHOLIC EDITOR--Georgetown, Saturday (CANA)--Guyana's state-controlled CHRONICLE newspaper yesterday attacked local Jesuit priest Andrew Morrison, dubbing him a mischief-maker bent on destroying the local economy. The CHRONICLE said that Morrison, editor of the CATHOLIC STANDARD newspaper, had on a recent Voice of America (VOA) radio broadcast, called on the United States Government to take initiatives of the type which would "destroy the economy of Guyana." The CHRONICLE said Morrison had been travelling to "many countries of the world, maligning Guyana and urging foreign governments to intervene in Guyana's affairs. While on these mischief-making activities, Morrison describes himself as a spokesman for the Roman Catholic Church," the CHRONICLE said. The CHRONICLE attack on Morrison came as a delegation of Caribbean bishops arrived in Guyana to mediate in a worsening impasse between the government and church in the aftermath of controversial general elections on December 9. [Text] [Port-of-Spain SUNDAY EXPRESS in English 29 Dec 85 p 5] /6091

CSO: 3298/264

PARAGUAY

FOREIGN EXCHANGE EVASION ESTIMATED AT 70 MILLION DOLLARS

Asuncion ULTIMA HORA in Spanish 30 Nov 85 p 12

[Text] The effective recovery of foreign currency not deposited for export operations has reached \$7,256,000 out of a total unpaid amount of \$70,681,202 determined in February of this year. Of the 170 exporting firms with payments pending, 38 have already been indicted and several are even being tried in court for foreign exchange evasion. There are some enterprises that are only behind in payments but have their documentation in order.

The BCP [Central Bank of Paraguay] is working to recover the foreign currency not deposited, whether due to delay in sending it from abroad for export operations or due to evasion through fraudulent import and export operations. The bank had discovered evasion of \$34 million for imports with a promise of recovery of some \$28 million from the Exterior, Continental, Boston, and Parana banks. According to Dr Cesar Romeo Acosta, president of the BCP, the Banco Exterior promised to return \$5 million.

Bank sources reported that export enterprises that are systematizing the deposit of foreign currency cannot carry out new export operations until they normalize their situation, according to the bank directorate. Normalization of exchange obligations is being done after indictment, once it is verified that the foreign currency for exports made by the operating firms was not paid to the country when due.

The firms behind in payments can carry out new operations once they promise to deposit the foreign currency owed within 30 days, in most cases, with signed promissory notes for dollars. According to Circular No. 34/84, the deadline established for depositing foreign currency is 120 days from formalization of the shipment statement. There is also a requirement for anticipated foreign currency or irrevocable credit. If due dates are not met, the bank will void new operations.

7717

CSO: 3348/287

PARAGUAY

CRIMINAL JUDGE SUMMONS CENTRAL BANK PRESIDENT

Appeal for Reversal

Asuncion ULTIMA HORA in Spanish 3 Dec 85 pp 40-41

[Text] This morning the president of the BCP [Central Bank of Paraguay], Dr Cesar Romeo Acosta, appealed the order by criminal court judge Dr Edgar Ruben Stanley which included him in the indictment for foreign exchange evasion.

Dr Romeo Acosta is asking the judge to revoke that order so that he can present an informational rather than investigatory statement. The hearing is set for this afternoon at 1600 hours. It will surely not be held since this appeal was presented to Judge Stanley.

The appeal states that in the Ita Ybate S.R.L. case, Dr Romeo Acosta, through a lawyer, requested intervention as a private complainant, a request that was denied by the court. This decision was appealed to the criminal court.

One paragraph of the lengthy appeal sent to the criminal court this morning states: "I must tell the court that I have never been summoned to give a confirming or informational statement in my position as complainant and president of the institution particularly wronged by the crimes being investigated in this proceeding. I was naturally surprised when I received notification that you have expanded the indictment to include me and ordered my appearance in this court to give an investigatory statement."

Singular Situation

Dr Romeo Acosta also states: "Permit me to point out to you the singular situation that would be created in these proceedings if the ruling appealed were overturned by the Court of Appeals, therefore allowing my intervention in these proceedings as a private complainant. You would be summoning the complainant, included in the indictment as a defendant."

The appellant remarks: "In view of the above, it is unreasonable to presume, without serious grounds, that the person who initiates a criminal complaint for the punishment of a crime is implicated in it."

### Personally Responsible

To give greater emphasis to his appeal of the resolution that included him in the indictment, the president of the BCP notes that, according to the National Constitution, "the top authorities, officials, and public employees will always adapt their actions to the provisions of this Constitution and the laws. They will exercise their prerogatives in conformity with them and will be personally responsible for transgressions or mistakes that they commit in the performance of their duties."

### Final Approval

He also cites: "There is not a single element of evidence in these proceedings that indicates that I personally am responsible for the crimes that I reported for investigation and punishment of the guilty parties. The final approval I placed on the documentation of the import operations does not implicate me in any way in the criminal responsibility of lower officials in the performance of their duties."

The president of the BCP emphasizes: "My duty, as president of the BCP, was not to redo the entire operation from the beginning, exercising the prerogatives of other officials and verifying every transaction. My duty is to verify whether the operation followed the appropriate legal steps according to existing laws with the intervention of the respective officials until final approval when my own intervention was required."

### Institutional Paralysis

He adds: "Imposing that requirement would have inevitably meant institutional paralysis (as it would for any entity with complex operations in which duties are established by law). Generalizing this requirement to all my interventions as president could almost paralyze the country economically. It would reach the obvious absurdity that I would carry out and repeat the functions of all the bank officials and, therefore, I would end up as the only bank official. There would be no reason to appoint any other official. It would also mean subordination of the prerogatives conferred by law on the other officials of the institution."

### Exchange Commission

In support of his request, Dr Romeo Acosta explains that "the document itself that I signed at the end of the import operation being investigated fully demonstrates my position. As you can verify, that document states: Imports verified by the exchange commission and signed by the director of the Exchange Department and the manager of the institution."

### Fraud

Lastly, the president of the BCP notes: "Everything leads to the conclusion, Your Honor, that if a crime or crimes were committed by other officials, the bank president was the victim of fraud by those who presented an operation

with the falsified statement that it was completely normal, duly supervised or verified."

Judge Stanley

Considering when the appeal was presented, the hearing this afternoon will have to be postponed due to the absence of the president of the BCP. If Judge Stanley does not accept the appeal, a new date will be set for the investigatory statement, summoning the bank president under threat, according to experts.

#### Threat of House Arrest

Asuncion ULTIMA HORA in Spanish 4 Dec 85 p 40

[Text] On Friday, the president of the BCP, Dr Cesar Romeo Acosta, must appear before the judge of the ninth criminal court, Dr Edgar Ruben Stanley, under threat that if he does not appear, he will be placed under house arrest.

The investigation planned for yesterday was not held since the person summoned for the hearing presented an appeal, asking that he be summoned only for an informational statement. This was denied by the trial judge who set the new date.

According to the Constitution, if Dr Romeo Acosta again fails to appear and testify, Dr Stanley will order his house arrest and will communicate this to the Council of State. The president of the BCP is a member of the council which grants him the same immunity as the parliamentarians have.

Soto Estigarribia

The hearing that Judge Soto Estigarribia set for Romeo Acosta remains firm. The president of the BCP has not yet presented any appeal of that resolution. The investigation in this court is set for tomorrow, Thursday, beginning at 1600 hours.

It was learned that in the case of Impaex, the BCP did not make the complaint so the person summoned for investigation could not use the arguments offered to Judge Stanley who is hearing the case of Ita Ybate S.R.L.

Frozen Assets

The attorney general, Dr Pablina Zorrilla, asked Judge Edgar Ruben Stanley to freeze the assets of Luz Margarita O'Donnell Pane, nicknamed Maggi, for whom an arrest warrant has been issued as fugitive of justice in the foreign exchange evasion case. According to the evidence, she was one of the influential agents and was tied to the largest phantom enterprise denounced.

The representative of the Public Ministry also requested that the savings banks be required to report the deposits of this defendant.

She also requested an informational statement from Oscar Luis Escobar, Concepcion Valenzano de Ramirez, and Carlos Maria Franco.

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3 February 1986

PERU

MINISTER OF AGRICULTURE ON RELATIONS WITH AGRARIAN COUNCIL

Lima EL NACIONAL in Spanish 30 Nov 85 pp 11-12, 21

[Interview with Mario Barturen, minister of agriculture, by Ricardo Uceda]

[Text] Question: In your opinion, how representative is the CUNA [National United Agrarian Council]?

Answer: It is very representative in terms of its ability to bring people out to meetings. Its two congresses were attended by between 5,000 and 7,000 delegates. But that numerical representativeness is not necessarily a productive representation. There are agrarian organizations with fewer members, but which are more significant in terms of agrarian productivity. That factor is still not being taken into account.

Question: In terms of its representative nature, which you recognize, would you say that the CUNA should be the valid party with which the government should deal on agrarian matters?

Answer: On that topic, I would like to say that there is not one single valid representative party. A healthy plurality in agrarian producers' organizations has been generated.

Question: Do you know that you are contradicting something that Alan Garcia signed?

Answer: I am absolutely not contradicting Alan Garcia,

Question: In the National Agrarian Agreement signed between Garcia and the CUNA, it was stated that this organization is the valid spokesperson for farmers.

Answer: That agreement said that the CUNA is recognized as the valid spokesperson, but not as the sole spokesperson.

Question: That's one interpretation...

Answer: It's very clear. The document says valid spokesperson, but not the only one! And in reality, it isn't the only one. We have to recognize that the ONA [National Agrarian Organization], to cite just one example, also has a large membership. It has brought together many farmers' committees.

Question: Do you attribute the same weight to the CUNA and to the ONA?

Answer: It isn't a matter of attributing the same weight, in terms of volume.

Question: It is a matter of determining the following, in terms of determining their representative nature: with which agrarian group is the government going to work out the foundations for carrying out its agricultural policy?

Answer: Our mission is to work with all the agrarian producers. We look at all of them as valid representative parties. We have shown the greatest possible readiness to talk, and we have attended all the meetings to which we were invited, from meetings of people who farm small plots of land, up to the ONA, of whom it has been said that it represents the mid-sized and larger farmers. For us, all of them are producers. So we aren't looking for a single representative. This doesn't mean that the government's policy is based on what this or that producer may want. We are keeping the political framework of agrarian development very clearly in mind.

Question: When he was a presidential candidate, Alan Garcia did not take that egalitarianism of yours into much account. He sought and signed an agreement with the principal group, representing the majority of the producers, thus establishing extremely important lines of agrarian policy. I don't see why you are now trying to downplay the importance of that fact. Or perhaps the candidate Garcia did not take into account that healthy plurality of which you were speaking?

Answer: He took it very much into account. For the first CUNA, you must remember, invited everyone. The ONA was present at that session.

Question: But when Alan Garcia signed his agreement, the ONA had already withdrawn.

Answer: It is my understanding that, for reasons related to the style of the CUNA's leadership, the ONA decided to separate from it.

Question: Then the candidate Garcia signed an agreement with the sector that he considered the most important. Doesn't that seem obvious to you?

Answer: No, because in my opinion, the signing of the agreement did not imply that the CUNA was the representative of the broadest group of our farmers in Peru.

Question: So you think that the candidate Garcia could also have signed another agreement, perhaps with the ONA?

Answer: Yes, of course. The document signed points out the united nature of the farmers. The two candidates both signed the agreement: the man who is today president of the republic, and the president of IU [United Left?] and mayor of Lima. They both recognized in the CUNA the united assembly of the organized agricultural producers. The episode that happened afterwards was unrelated to the intentions of both of the candidates.

Question: People have said that your position on the CUNA is different from President Garcia's. Your position is, they say, more reluctant to reach an understanding with that organization. What do you think?

Answer: I would say that statement is unfair.

Question: Maybe President Garcia now thinks the same as you.

Answer: No. Look, we have had the best intentions toward the CUNA, and we continue to do so. What happened is that an episode of little importance occurred, and the relationship grew more distant. But we do have major points of agreement. For example, I recently received a copy of a statement of support by the CUNA's board for the ministry's policy on the formation of the national coffee board.

Question: That irrelevant episode which you mentioned originated because a building was going to be run by some specific organizations, among them the CUNA, and afterwards it turned out that others, not previously mentioned, were also to be involved. How would you explain your change of position in this matter? First of all, you supported a bill listing specific holders of the property; later you approved a provision with other destinees. That was very unpleasant for people in the CUNA.

Answer: It wasn't displeasing to them.

Question: Of course it was. They were extremely annoyed.

Answer: In any event, their anger shouldn't have been directed at me. First of all, I did support a draft resolution allocating the property to specific organizations, nine from the CUNA and two independents. But between the draft resolution and the final resolution, there appeared a group of organizations that didn't belong to the CUNA, but who also claimed a right to the property. It seemed to me that they were entitled to a share in it. For that reason, they were included as destinees in the final version.

Question: In any case, that seemed to be a maneuver on your part to diminish the CUNA's weight in the management of this property. And in some cases, the institutions added at the 11th hour were rather lightweight, don't you think?



Answer: I said to myself: if in the past an institution as unrepresentative as National FONGAL had access to such property, why should we eliminate the Hosstein Association, which doesn't have much weight either, but which does have a right to a share? In any case, I did call the CUNA leaders and I explained the situation to them. I also want to put the following on record: both in the past and at the present time, I have supported an agreement between the CUNA and the ONA. Even at the last CUNA meeting, from which the agreement arose, there was a very clear interest in that direction.

Question: You are aware that the ONA doesn't want unity with the CUNA?

Answer: That is another matter.

Question: To whom do you feel closer: Gustavo Garcia Mundaca, or Ricardo Letts?

Answer: Ricardo Letts.

Question: Why? Garcia Mundaca is an APRA [American Popular Revolutionary Alliance] man who is estranged, perhaps only temporarily, and Letts is a recalcitrant communist.

Answer: I understood the question not in terms of partisan orientations, but rather ideological positions.

Question: You're not serious? Ideologically, you feel closer to Ricardo Letts?

Answer: Yes.

Question: Do you agree 100 percent with the National Agrarian Agreement or do you have some reservations?

Answer: I am 100 percent in agreement.

Question: Why hasn't an essential point of that agreement been carried out--access by CUNA representatives to agrarian policy leadership organizations?

Answer: I know that it is I who am indebted to our farmers. They must be brought into these organizations. Reasons of time have kept us from working out the way to bring them into the national, regional, and local agrarian coordination councils, as provided by the Agrarian Promotion Law. And there isn't ideal representation in the enterprises in this sector, for we have had limitations of a statutory type that we are trying to overcome. For example, we want to change the bylaws of the Agrarian Bank, of ENCI [National Enterprise for Industrial Marketing], of EMPEDEPALMA [National Palm Oil Enterprise], and in general, of all the enterprises in the agricultural sector in

order to give greater representation to our agrarian producers. The coffee producers, though, are now represented on the national board. For the first time, they hold a majority on the board.

Question: Do you consider yourself a minister in a shaky position?

Answer: No. I am a minister in a 100 percent strong position.

Question: To what do you attribute the recurring stories about your possible replacement?

Answer: If you want a political interpretation, the reason is that there are interests in conflict in this sector.

Question: But look, these stories are coming from media sources that have very close ties with the government. It would seem that the report is coming from some official source.

Answer: It seems that in this climate of absolute freedom of the press, the communications media are not being manipulated in any direction, and each one feels a need to present the political situation according to its own lights. That is how I see the matter.

Question: So, do you think that the journal VISION, which has ties to one sector of the government, would allow itself to opine lightheartedly on ministerial changes without some objective foundation?

Answer: I believe that there has been speculation about the economic problems the sector has had to face. Still, I wouldn't call it a "lighthearted" opinion. It's one way of saying: what's going on in this extremely important sector, which is starting to show some imperfections? Journalistic criticism is implacable. We aren't supposed to have any imperfections.

Question: Aside from these speculations, it would seem that officials in the ministry of economy and finance do not look with favor on the fact that there have been some price increases in agriculture, as these increases are slowing down the downward trend of the consumer price index. Doesn't that concern you?

Answer: When someone has a pet plan or idea, and things don't work out well, it is normal for there to be some unpleasant feelings. But reality is sometimes unpleasant.

Question: Even though Alva Castro may be the person displeased?

Answer: We all get displeased. I too am unhappy when things don't go well. But that's the way things are.

Question: The ministry of agriculture set the price of chicken at 17,500 soles per kilo, and later it had to lower the price to 15,500. What happened?

Answer: What happened is that we showed, with figures in hand, that the real cost of chicken was 17,000 soles, and that figure, in conjunction with industry, was rounded off to 17,500.

Question: And President Garcia showed that the calculations had not been done properly.

Answer: Basically, there was a request by the president that we give special treatment to this product, so as not to increase its price at this time. It was a matter of keeping a popular consumer product in the market, and looking for some indirect compensation.

Question: It seems it wasn't just a request. A director general [of the ministry of agriculture] was removed because of this mistake: Mr Delgado Acuna.

Answer: Look, that situation came at the same time as that official's request to resign, as he had received a good offer from a private company.

Question: Doesn't it seem to you that so far you have been more a minister of food supplies than a minister of agriculture?

Answer: Circumstances have pushed me more into the food supply area than into agriculture, properly speaking. Still, I believe the essential thing is agrarian production; its role is going to be decisive for our food supply policy.

Question: In some ways, you have had a stormy relationship with some agricultural production sectors.

Answer: There have been problems with some sectors, such as corn, but they have already been completely resolved. The desires of the milk producers have also been compensated. The poultry breeders are now in agreement, and we are going to work out the expectations of the sugar producers. In general, our relationship is going to be excellent with our national producers.

Question: It's clear that you now feel in a much stronger position.

Answer: That's true. If the media were to conduct a poll of farmers now, I would be in a better position than a few weeks ago. Problems such as chicken, the meat supply, and the seasonal shortage of potatoes and lemons, are absolutely not due to mismanagement, but rather to structural or economic factors which, until we have an adequate marketing infrastructure and

the tools necessary to handle them, are going to arise in the short term. Nonetheless, I have a vision for the mid and long-term in this sector. And here we are doing things, essentially, for the mid-term period.

Question: How much time do you think it should take you as minister of agriculture to fulfill the objectives that have been set?

Answer: The full term of this administration.

Question: A full 5 years? You are ambitious,

Answer: You asked me how much time I need. And it would take the whole term--and maybe even two terms.

Question: Do you feel confident that you will remain minister for the full 5 years?

Answer: I can't say that. But that is the amount of time I need.

7679

CSO: 3348/282

PERU

BANK STUDY SHOWS POSITIVE RESPONSE TO INFLATION MEASURES

Lima EL COMERCIO in Spanish 1 Dec 85 p F-2

[Text] About 6 more months will have to elapse in order to determine with certainty how the economy is responding to the new anti-inflation measures adopted. Of course, much will depend on the conditions prevailing in external markets. This is an extremely vital factor over which Peru can exercise little control.

According to data provided by the Economic Studies Unit of the Continental Bank, the first results of the anti-inflation program have been very encouraging.

By keeping the exchange rate and energy prices fixed, the government has eliminated two of the principal spurs triggering rising costs of living.

After increasing at a compounded annual rate of 248 percent toward the end of August, inflation has been slowed down to a [monthly] rate of 3.5 percent, which is equivalent to an annual rate of increase of 51.5 percent,

The current price freeze will remain in force until the end of the year. Government spokesmen have stated emphatically that they will not allow price bottlenecks to occur; this means that the price structure will reflect the underlying cost factors in all sectors.

In manufacturing, a number of industries clearly show that the production of some key lines in the sector declined significantly in the months of August and September, as distributors and other sales outlets cut back on their inventories as a result of the current price freeze.

Prior to this, in response to average price increases of 11 percent a month, middlemen had kept their shelves very well stocked,

In the construction sector, activity continues to deteriorate. Foreign trade statistics indicate that the fixed investment level is still declining, with a 9.1 percent decline in shipment of capital goods from January to September.

An interim evaluation of the most recent national accounts suggests that the Gross Domestic Product will increase between 1,5 percent and 2,5 percent.

Concerning the foreign debt, approximately \$2,5 billion of the \$14 billion which Peru owes represents obligations to U.S. banks. The amount in arrears from the public sector to its 300 creditor banks comes to approximately \$250 million.

As a reflection of the uncertainty that often accompanies such a pattern of events, commercial credit lines made available to our country have been reduced from a level of \$880 million in 1983 to a level of \$275 to \$300 million.

From the point of view of the availability of foreign currency, though, this reduction in lines of credit has been more than offset by the amounts saved as a consequence of this cutback in debt service payments.

In addition, it has been announced that the official exchange rate pegged at 13,945 soles would be maintained until the end of the year.

In September the price of the dollar in financial markets rose moderately, by 3 percent, after the Central Bank intervened as a purchaser.

At the close of the third quarter, the dollar's rate in the parallel market (17,387 soles) was 24 percent higher than the official rate, with no rising pressures existing at that time.

The availability of free dollars was increased when the government raised the amount of exchange earnings which nontraditional exporters are authorized to use freely from 15 to 20 percent. The percentage allocated to traditional exporters for the same purpose is 5 percent.

In October the freeze on the convertibility of bank certificates into foreign currency was extended for an additional 180 days. In the event of a devaluation during this period, this measure would have an expansionary effect on the money supply.

For the balance of payments, the amount in arrears came to a total of \$368 million at the end of 1984, and an additional \$325 million was added to this amount during the first half of 1985. This comes to a combined total of \$693 million.

During the first 6 months of 1985, debt service payments came to \$352 million. This is equivalent to 24.2 percent of the value of the merchandise exported during that same period.

During this period, refinancing credits received declined from \$420 million to \$199 million (down 54.8 percent).

Viewed from another perspective, in order to keep up to date in its payments, Peru would have had to spend \$1.05 billion, equivalent to no less than 70 percent of its export earnings.

In that case the Central Bank would have had to use 69 percent of its reserves.

In addition, international raw materials markets have shown tendencies caused by a number of factors beyond our control.

If all other factors remain equal, a decline in the dollar has a stimulating impact on raw materials markets.

However, this optimism has been offset by problems in the petroleum market caused by the OPEC members' decision to boost production.

But there are also other market factors inclining us toward pessimism; the sluggishness of industrial activity in the United States and Europe; the collapse of Third World imports due to the present shortage of foreign currency; the deflationary price context continuing in the basic commodities market, especially for minerals.

As the BCR [Central Reserve Bank] statistics on exchange operations show, during the period under study, exports produced dollar earnings \$11 million higher, which were added to the \$779 million recorded in the previous quarter. This is equivalent to an annualized rate of \$3.1 billion.

The top exports were: coffee, leading agricultural exports (58.5 percent), followed by metallic ores (3.9 percent), and manufactured goods (4.4 percent).

Interest rates were cut, in line with projected inflation. The Central Bank reduced the interest it pays on deposits by 54.5 percent on 31 August, using a sliding scale that ranges between 22 percent and 36 percent. In this context, most bank directors are taking it for granted that profit margins in their operations will be declining.

7679

CSO: 3348/282

PERU

# NEW SUPREME COURT HEAD TO DECENTRALIZE JUDICIARY

Lima EL NACIONAL in Spanish 6 Dec 85 p 3

[Text] Dr Hector Beltran Rivera, president-elect of the Supreme Court, announced that during his term he will give priority to decentralizing the judiciary, and will impart a personal style in his dealings with the press and with magistrates,

Among the plans he outlined, he said that he will try first of all to decentralize the judiciary. "Here we are very confined," he said, adding: "Justice must emerge from this building and reach out to the people."

He explained that to do so, two judicial centers would be set up: one in the northern section of the city and the other in the south, which would include the following staff: a lower court judge, an investigating judge, a provincial prosecutor, and if possible, an expert in medical jurisprudence. On this point he supports the bill which Deputy Manuel Angel del Pomar has introduced in the chamber of deputies, which is to be discussed during the next regular legislative session.

"We have tried to include this in our budget, and if we get the funding we need, we will set up the judicial centers," he said at the press conference held yesterday in the conference room of the Palace of Justice. He also stated: "I don't intend to remain shut up in my office," announcing that he will visit the courts of Lima and Callao, and if the budget allows, he will travel to the provinces "so that I may keep personally in touch with what is going on."

He also said that he will try to bring civil court clerks in as public employees, creating a single court panel, and to the extent possible--if he finds suitable space--he will set up a "judicial school," to be used to provide ongoing training for lower court judges, and "possibly even for the members of the court,"

In speaking of the judiciary's budget, which Dr Cesar Barros Conti had cited as the reason for his resignation as president of the Supreme Court, Dr Beltran Rivera indicated that it was he who gave the report before the Joint Budget Committee of Congress, which received the requests he made with sympathy.



Among these requests, he mentioned the construction of judicial centers with their own budgets, especially in the provinces, for these centers have been delayed by congress. Only Ica and Arequipa reportedly voted in favor.

He also touched on the issues of raising ethical standards in the judiciary and on magistrates' safety, to which he said he would devote close attention.

He said he favors the proposal for a new penalty against kidnappers, and said he does not support the death penalty, as "it does not solve serious problems."

Dr Beltran won the election by ten votes to eight in the full court session yesterday, at which the new head of the internal control office of the judiciary, Dr Guillermo Doig, was also elected.

The new Supreme Court president, who will take office when the 1986 court season opens, has been a member of the supreme court since 1981. He is from Puno and has been a magistrate for 30 years.

At a full court session, the Lima Superior Court also elected its president for the coming year. Dr Carlos Montoya Anguerre won the post, beating his opponents for the office by a strong majority.

Dr Montoya Anguerre is now president of the Latin American Federation of Magistrates, and he also heads the 10th correctional court of the judicial district of Lima. In the Superior Court of Callao, Dr Luis Mendoza Valenzuela was elected president by a vote of six to three. He will replace Dr Ricardo Vascones Vega, the current president.

7679

CSO: 3348/282

ST LUCIA

## COMPTON WARNS OF POLITICS IN DECENTRALIZATION PROCESS

Castries THE VOICE in English 4 Dec 85 p 3

[Text]

PRIME Minister, John Compton has warned against the dangers of party politics "infiltrating" St. Lucia's decentralization process.

Delivering an address at the historic launching of a Regional Centre in Vieux Fort Sunday, the Prime Minister stressed that politicians would come and go, but the district and country would remain.

Said Mr Compton: "I think one of the worst things that could happen to the whole decentralization process is if it is infiltrated by party politics and the various committees are divided along party lines."

Stressing the destructive consequences that could occur as a result of politics, the Prime Minister urged the people in the towns and villages to use their Regional Councils as an opportunity to lift up themselves and their districts, and the whole island "so that people can look at St. Lucia as a model of democracy at work."

The Vieux Fort Regional Council is the first of eight such councils to be established as part of government's plan to bring its services to the towns and villages around the island. The Councils are also expected to provide a forum for dialogue and discussion on

community matters among the people who they are intended to serve.

The Vieux Fort Regional Centre will be called Region Five and will serve the Southern portion of the island mainly, Vieux Fort town, Belle Vue, Laborie, Banse-la-Grace, Salibus, and Playe, among others. The Regional Councils are expected to provide a number of services, such as the issuing of licences and certificates, for which community members had to travel to Castries to obtain.

Referring to government's decentralization plan as a "very meaningful operation," the Prime Minister said that Vieux Fort was an area of many advantages and facilities which would "perhaps in three years, four years, five years from now" prompt the Decentralization Committee to invite government to declare the town the second city of St. Lucia.

But this, he said would happen when the decentralization programme "really becomes effective" and all the advantages and facilities in Vieux Fort would form one chain in the island's development.

For the entire programme to succeed there must be participation and self help at the community level, Mr. Compton said.

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CSO: 3298/265

ST LUCIA

## CORRUPTION ISSUE RAISED BY OPPOSITION FORCES

### Foreign Exchange Leaks

Castries CRUSADER in English 7 Dec 85 pp 1, 7

[Text]

The Prime Minister addressed the nation on the vexed question of Exchange Control Regulations, known as the E.C. forms. These forms are required by law from persons purchasing foreign exchange above a limit of \$200.

The Prime Minister explained that the law has been in force since 1939 but the Government now intends to enforce it with greater stringency. He claims that the present system is being abused by persons taking suitcases of money out of the country leaving the economy with no foreign exchange to purchase essential goods.

Commenting on the Prime Minister's address a spokesman for the Opposition Progressive Labour Party said that the Foreign Currency issue was simply a case of the Government's own lawlessness back-firing on them.

He said, "Prime Minister Compton in his very First Budget Speech after being re-elected in 1982 claimed that five hundred million dollars per annum has been leaving the country through foreign exchange leaks of one kind or another. Three years later the Prime Minister, who is also the Minister of Finance, did

absolutely nothing to plug these leaks when the offenders were obvious and blatant.

The Opposition for years have highlighted the activities of certain Insurance Groups in St. Lucia in respect of currency violations but since many of the Ministers of Government are themselves Directors of Insurance Companies the Government never moved to plug the leaks. The arrangement by which some Hotels operating in St. Lucia effect their payments overseas without passing through St. Lucia's banking system is well-known to both the Prime Minister and his Cabinet. Some of the offenders are personal friends of the Prime Minister and he has not moved to check this lawlessness.

In recent weeks there is much concern about the fact that a certain Cabinet Minister was fully aware of the fraudulent leakage of foreign exchange through the subsidiaries of Copra Manufacturers Ltd. to a ghost account in Miami, and did absolutely nothing about it. This brand of lawlessness has stamped the Compton Administration and the petty bureaucratic obstructions can do little to halt the illegal drain of foreign exchange if the Government itself is shielding the main offenders."

## Hunte Challenge

Bridgetown DAILY NATION in English 10 Dec 85 p 8

[Article by Earl Bousquet in Castries, St Lucia]

[Text]

IN ST. LUCIA, where allegations, accusations, and charges of corruption have changed and brought governments down, one of two opposition parties has challenged Prime Minister John Compton to either take strong and swift action against persons known to be corrupt, or cease his regular allegations of corruption levelled against parliamentarians.

The challenge was issued in a letter from leader of the St. Lucia Labour Party (SLP), Julian Hunte, to Prime Minister Compton, released this week to the local Press.

Dated November 26, the letter expressed concern about repeated allegations of corruption emanating from the ruling United Workers Party, and the prime minister, who is also political leader of the UWP.

Addressing the annual convention of the UWP last month, Mr. Compton spoke on corruption, and on one occasion referred to unnamed parliamentarians as "corbeaux of corruption".

"We have been advised that some of these allegations have persistently emanated from you, and since we are opposed to this continued stream of unproven allegations, we are now requesting you to use your good offices to do all in your power to

bring any or all of the culprits to justice", said Mr. Hunte's letter.

The letter called on the prime minister and members of the ruling party "to either publicly indicate their discontinuance of any and all unproven allegations of acts of corruption by members of the SLP, or to bring the alleged perpetrators of corruption to justice".

Mr. Hunte, who became leader of the SLP two years after its removal from office, partly on account of allegations of corruption against some of its ministers, told Compton that allegations of corruption against members and parliamentarians of the ruling party should also be investigated and brought to justice.

The letter urged the prime minister to "treat this request with urgency", and to regard it as, "as a matter of great public concern".

Earlier this year, the SLP wrote to Governor General Sir Allen Lewis, and Commissioner of Police Cuthbert Phillips, urging that an enquiry be held into allegations of corruption against a current cabinet minister.

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CSO: 3298/265

ST LUCIA

## GOVERNMENT SCORED FOR 'FRUSTRATING' COLLECTIVE BARGAINING

Castries THE WEEKEND VOICE in English 7 Dec 85 p 1

[Text]

**THE Civil Service Association (CSA) has again accused the Government of frustrating the collective bargaining process by advancing "all kinds of excuses for the non-implementation" of a number of provisions of an existing collective agreement which it said had been signed one year ago.**

In a press statement released this week the CSA said: "The agreement was signed between the Civil Service Association and representatives of the Government's negotiating Team on 27 November, 1984, after 16 months of negotiating. To date it is one year since the signing of the collective agreement and only the salary increases have been implemented."

But Director of Finance and Planning, Dwight Venner told THE VOICE this week that he found the CSA press statement to be "extraordinary" and misleading. He said the salary clause in the agreement was given priority because it had to be implemented immediately, and agreements between the Government's Negotiating Team and the CSA needed to be ratified by Cabinet.

According to the CSA, some of the benefits "with even more important implications to the civil service and civil servants, than the salaries, which have not been implemented include: overtime rates to be paid on new salaries; standby allowances, uniforms, protective clothing and equipment; health and safety, and medical examinations; restructuring and classification; payment of increments on a merit basis, effective from April 1, 1984; and secondment of civil servants to the CSA on a full-time basis, among other things.

Referring to what may have caused the delays in the implementation of the full agreement, Venner explained that the government Negotiating team had to deal with seven public service unions and until all were completed the agreement with the Industrial Solidarity Pact (ISP) — composed of the CSA, St. Lucia Teachers' Union and The National Workers Union (NWU) — could not have gone through for ratification.

He added that the government negotiators did not

operate as a full-time bargaining team as they had other jobs to do and many unions to meet.

The CSA has contended that the Personnel, Establishment and Negotiating Divisions of Government, and Cabinet, have not given the necessary importance and seriousness to the implications of the signed Agreement, warning that "if the delay in the implementation of the collective agreement is to continue much longer, the CSA will be forced to call its members into the fight for implementation."

Venner stressed that there was no dispute between the parties. He said members of the CSA met him Thursday morning (the day after releasing the statement), and looked "quite happy."

He said the CSA representatives looked at the agreement in question, which had just returned from the Attorney-General's Office, and the two parties had agreed that it would go to Cabinet "next week, or the week after."

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ST LUCIA

BRIEFS

NEW CHAMBER HEAD--Mr. Ferrel "Bam" Charles is the new President of the St. Lucia Chamber of Commerce, Industry and Agriculture. He succeeds Mrs Charmaine Gardner who did not seek re-election at the annual general meeting held in La Toc Hotel Wednesday. Mrs Gardner, who served as president for three successive years, announced her intention not to contest the presidency just before concluding the traditional President's address to the meeting. She drew resounding applause from members at the end of her speech and was later showered with praises, congratulatory messages and presents. Mrs Gardner will serve on the Chamber's Management Committee as Immediate Past President. Other officers elected were Tony Du Boulay, first vice president, and Geoffrey Devaux, second vice president. Members elected to the Management Committee were: Stanley Mullings, Richard Peterkin, Trevor Phillip, Mrs Ingrid Skerret, John Lucas, W. St. Clair Daniel and Carlisle Jn Baptiste. [Text] [Castries THE WEEKEND VOICE in English 30 Nov 85 p 1] /6091

CSO: 3298/265

TRINIDAD AND TOBAGO

WIDESPREAD CONDEMNATION OF CHAMBERS' BUDGET REPORTED

Threat to Agriculture

Port-of-Spain TRINIDAD GUARDIAN in English 21 Dec 85 p 14

[Text]

OPPOSITION Leader Basdeo Panday said yesterday that the 1986 Budget put the final nail in the coffin of agriculture. Replying in Parliament to Prime Minister George Chambers' Budget speech, delivered last Tuesday, Mr Panday said that devaluation would mean that imported food would enjoy preferential treatment under the two-tiered rate of exchange.

"The most pressing problem facing our people, both the employed and the unemployed — is the problem of rising prices" Mr Panday declared.

He then said that clearly, the Budget was not properly considered.

As soon as the Government saw a temporary glut of some locally-grown food on the market, the PNM was bringing in measures which would cause prices to sky-rocket.

CHICKEN PRICES UP

"In fact" said Mr Panday, "Within two days of the Budget announcement prices have already begun to rise."

• According to the Opposition Leader chicken moved from \$2.49 to \$2.77 a pound.

Mr Panday said:

"The subsidies to the poultry industry to broiler breeders, hatcheries, contract broiler growers, processing plants, have been removed. The Prime Minister assures us, or maybe, attempts to mislead us, when at page 20 he says: 'In the light of the findings of the Commission of Enquiry (into the poultry industry) there can be no justification for an increase in the price of chicken.' Mr. Prime Minister, the day after your Budget the price of chicken went up from \$2.49 per pound to \$2.77 per pound!

"It was unfortunate that the Prime Minister should seek to blame the pig farmers for the inefficiencies of the Central Marketing Agency, when he alleged that they

supply poor quality pigs. The pig farmers have been complaining for years that they experience grave difficulties in obtaining stock feeds, in selling their pigs on time, and in having to wait for years to be paid for their sales. I would have expected the Prime Minister to seize this opportunity to make proposals for dealing with these problems.

"A Budget Speech is not the occasion when I would expect to hear about the thickness of back-fat on pigs. The next thing I would hear is that the pigs are to be blamed for the economic mess we are in. And he would probably be right!

"This Budget, in my view, puts the final nail in the coffin of agriculture. Not only are there no meaningful proposal for processing and down-stream agro-industries, but local farmers will no longer be able to compete with imported foods. While devaluation is going to mean higher production costs to the farmer, imported food will enjoy preferential treatment under the two-tier dual rate of exchange."

## Panday Speech in Parliament

Port-of-Spain SUNDAY GUARDIAN in English 22 Dec 85 p 6

["Excerpts" from speech by Basdeo Panday, leader of the opposition, in Parliament on 20 December 1985]

[Text]

THE Leader of the Opposition Mr. Basdeo Panday has described the 1986 Budget as an act of desperation. In his reply to the Budget presented by Prime Minister George Chambers, Mr. Panday who spoke on Friday said the Budget with the emphasis on devaluation of the TT dollar would result in a rise in the cost of living, higher prices all round, demands for wage increases all leading to further devaluation. Below are excerpts from Mr. Panday's Budget presentation last Friday:

YOU will recall Mr. Speaker that I told this Honourable House and the country that the 1985 Budget had failed to tackle the problems facing our people; that it contained no attempt to deal with our economic and social problems. I said it was a Budget that had as its sole object the collection of money to be used for the purpose of corruption and for keeping the PNM oligarchy in power at any cost. The grabbing was so rapacious that they even out-smarted themselves. They stuck their dirty fingers deep in everybody's pockets and having milked the nation dry, they have now played their last card, DEVALUATION.

### OIL MONEY

Devaluation has become necessary because there is no more to take from the people. And the only way they can finance the next election campaign is to get more TT dollars in exchange for the dwindling oil money. As a result of the senseless money grabbing exercise there was a total short fall in revenue of \$1,578.6 million. Now when you recall that a Budget is a statement of income and expenditure you would realise that if you fail to collect the money you

anticipated then all your proposals for expenditure would, of necessity, collapse.

If that happens then the Budget you present to the nation cannot be the Budget by which you run the country. And that is exactly what happened in 1985. The Government had a secret Budget, or none at all. That is not the way to run a country, particularly if what you do in fact collect is squandered on corruption, maladministration and inefficiency.

Does the 1986 Budget provide any hope? I would say not. It is worse than the 1985 Budget in that whereas the latter at least made promises albeit false ones - this Budget fails to address the real problems.

From the very first page one gets the impression that the Prime Minister is a helpless and defeated man. Let me quote him: "We are placed in a position of having to find a means of reconciling the inescapable contraction of economic activity with the protection of the gains we have made over the previous decade."

Why is contraction of economic activity inescapable when during the previous decade the Government had in its hands or was it in its

pockets some \$60,000 million? If the PNM, so overwhelmed with the desire to hold on to power had not pilfered and or squandered that money on buying votes, but instead had used it to develop the infrastructural base of a diversified economy, we could and would have avoided the inescapable contraction of economic activity. The long term development funds, we were told, were to last us for the next 30 years. Two years after the oil boom ended the funds are gone. These are the shortest long term funds we have ever seen.

On the same page he laments: "At the average prices prevailing in 1981... Government's revenue from the oil sector in 1985 would have been some \$835 million higher and over the four years of this Parliament the additional revenue would have been in the order of \$2,600 million."

### CONSUMERS

Why lament now? The fact is you are in 1986 and not in 1981 and the duty of a responsible government is to anticipate the future and to deal with situations as they arise. The more important question is not what the revenue COULD have been but rather WHAT you would have done with it. But the most important question is what HAVE you done with what you did in fact get? The entire country knows the answer to that one.

At page 2 the Prime Minister tells us how he

is going to run the country and how he is going to deal with our problems: "I submit that the only sensible and viable approach to cope with an adverse change of this magnitude... is the reining in of expectations and of expenditure, particularly the strong demand for imported consumer goods and services."

That is a most negative approach. IT is one that would lead to hardship and suffering,

particularly among the middle and lower income groups and the unemployed. Carried to its logical conclusion that strategy says, that the more you deny yourself the things you want, the more you starve yourself and the less you consume the better off you will be. And a fortiori, if you consumed nothing at all that is even better still. That is nonsense.

Economic activity revolves around man's attempts to fulfil his desires, his needs, his wants. If you want to expand the economy you do not smother his legitimate desires. Instead you develop his capacity to produce in order to satisfy those wants.

There is not a single proposal in the Budget to deal with the question of productivity. But I am not surprised. Such a burning issue neither excites his imagination nor disturbs his ossified equilibrium.

### BORROWING

Listen to what he says instead: "The key to restoring an environment in which it can be



expected that economic activity will expand is the striking of a balance between living within the constraints of the reduced resources and the augmenting of these resources by drawing on savings and by judicious borrowing."

That is his strategy for saving us from the economic mess into which the PNM government has got us. And you know he has the audacity to tell us that the results of that strategy has been impressive. What is the evidence? The balance of payments account shows a trade surplus. A trade surplus, pure and simple is not a plus in terms of human happiness, which is what good government is all about. If it is the result of a fall in consumption (which it was) that fact is consistent with human deprivation and suffering. If for example we imported nothing at all in 1985 and we all lived on grass and leaves then we would have had an even longer trade surplus and an even stronger balance of trade. A favourable balance of trade is only consistent with an improvement in living standards when it is the result of expanded trading, not a contraction, as is the case here.

The real evidence of the Prime Minister's boast that the PNM is guilty of sound economic management of the economy during the boom years is the incontrovertible fact that whereas in 1982 we had over 8.0 billion in foreign reserves that had been reduced to \$1.8 by September 1985. And the long term funds have all but disappeared. That is sound management for you. The prodigal son has squandered what we were saving for our children. Let us kill the fatted calf for him.

The truth about unemployment is that it is well in excess of 20 per cent, not including under employment. In

addition some 15,000 schoolleavers enter the labour market every year without the slightest hope of getting a job. Undoubtedly unemployment is one of the most pressing problems in our society today and the Prime Minister proudly boasts that the great achievements of his Far East trip include getting a firm to set up a manufacturing venture to supply domestic and foreign markets involving an \$8 million investment and about 60 permanent jobs are "likely" to be established. With unemployment here approaching 100,000!

One cannot escape the impression that this Budget was not properly thought out. It does not address itself to the problems of the country and of the people. It is an act of desperation, a drowning man grasping at the last straw, regardless of whom it hurts.

The Prime Minister is like a man who has frittered away his huge fortune down to the last dollar and now, in desperation he is prepared to gamble his house on a million to one chance with no thought for the consequences.

## DOLLARS

The only statement in the budget of any significance is the devaluation of the TT dollar from \$2.40 to \$3.60 a fall of 50 per cent in the external value of our currency. The Government's plan is as clear as daylight. This is election year and they need money to buy votes. Without the slightest concern for the consequences to our people, without laying the foundation and making the necessary preparations to ensure that devaluation redounds to the benefit of the country they drop a 50 per cent devaluation on the country, just so that they can have more TT dollars in 1968 to finance their elections.

Why was devaluation necessary? What is going to be the impact on prices and the cost of living? The only sector likely to derive any advantage are those export oriented industries that produce from a largely local raw material base. How many of those do we have in Trinidad and Tobago? Before you can benefit from devaluation you must have already the necessary institutional framework in place. The productive base of the economy should have been geared to production for both local consumption and export. An example is the motor car industry. Because of devaluation the price of motor cars is going to

rise so steeply that demand would fall even lower than at present with the consequent loss of jobs and financial jeopardy of assembly plants.

Merchants whose trade consists largely of imported goods are going to have to raise their prices to meet increased cost of foreign exchange.

And while the government is scheming to be returned to power in 1986 literally thousands of students who are studying abroad will have their education mercilessly terminated. Yesterday I spoke to a woman in Port-of-Spain who was crying that she had been struggling for the last few years to maintain her son at university in Canada. There is no way she can continue. She says she is paying the price for voting PNM. What hurts her is that her innocent son, who is guilty of no such crime, must also pay for her folly. Against the background of rising prices the minuscule increase to pensioners and the poor reek of somewhat fraudulent electioneering.

## CHANGE

With devlation we are going to have to pay higher prices all round. Therefore real wages are going to fall and those on fixed incomes are going to suffer a sharp fall in their standard of living. In order to maintain their living standards the workers would have no choice but to demand higher wages, and we are back to square one. Once you start on the road to devaluation without first having broadened and diversified your local productive base, the inevitable consequence is rising prices and an unending series of further and further devaluation.

But permit me to end on a note of hope. I have seen the light in our peoples's eyes. As we enter the homestretch I can feel the warmth of their surge as it envelops my spirit. They are eager for change. They are ready to shake off the burden that has stunted their growth. They walk tall. At last, soon they will be free.

## Abandonment of Divestment

Port-of-Spain SUNDAY GUARDIAN in English 22 Dec 85 p 3

[Article by SUNDAY GUARDIAN special correspondent: "'86 Budget: A Continuation of Slow Road to Socialism. 'What Is Particularly Saddening Is the Immorality, Corruption That Goes With the Inexorable Grind Towards State Domination'"]

[Text]

SOMEWHERE in all the shock, worry and hubbub over higher exchange rates and mountainous cost increases inflicted by the Budget, the critical matter of divestment has become conveniently lost, or inadvertently overlooked, depending on your point of view.

The public appears not to have noticed. For Prime Minister Chambers, it was a deliberate oversight that declared openly and unambiguously, once and for all, that the question of divestment is a closed issue, and that there is nothing to talk about, or discuss. In other words, there will be NO DIVESTMENT.

Looking at it from the context of recent history, it means that what has now been formally promulgated (in a negative way) about divestment is the opposite of what was talked about and promised by the so-called father of the nation. Dr. Eric Williams, just five or six years ago. To the more discerning citizens, it adds up to governmental "double talk." More simply, a deception, or an unvarnished lie.

When it was convenient, even expedient, to promote divestment and to encourage the broad masses to believe they would some day participate in the wealth of the nation through investment and shareholding, the appealing idea was trumpeted abroad. Now that it's no longer convenient or expedient, the dangling bait has been withdrawn and misled citizens have been left perplexed.

Well, they needn't feel that way, because it is now absolutely clear that the creeping socialism of which the PNM Government has long been accused by many, this column included, is not only true, but is picking up momentum and is moving to a full gallop towards socialism.

The paths to socialism are varied and cunning. Castro did it and maintains it by force of arms. Ditto for Nicaragua, and Bishop's Grenada. In Italy, the Communist Party takes part in democratic processes, e.g. voting, that opponents to communism are not permitted in communist countries. Accession to power by any means is the motto: and where

it has to be subtle and slow in achieving its ends is no exception to the rule that "anything goes," once it succeeds.

### STATE CONTROL

So whether it's the ingratiating smile or the mailed fist, the guerilla campaign or orderly transformation, the aim of supplanting democracy and freedom with total state control, responsibility and direction always remains the same.

A government whose appetite for acquiring corporations knows no limit, and whose intention to sell shares to the public is never fulfilled, represents a dangerous and bona fide shift to the left. In our case, it is done almost imperceptibly at times. At others it looks like a proud, nationalistic move, as when a foreign oil company is bought. Whatever the approach, we are all slowly being sucked into the net of state control, and where that isn't fast enough, every pressure is applied to wipe out private enterprise.

The severe drop in the value of the TT dollar is a case in point. A large number of businesses face extinction, and this is no mere exaggeration for dramatic impact. The businesses fall into two principal categories. Those with outstanding bills to foreign suppliers. And those who will become wholly uncompetitive when they start purchasing foreign goods at the new rates.

Sub-categories include firms whose foreign loans have to be serviced in US dollars. This does much to defeat one of the purported aims of the Budget, that of attracting foreign capital. Another sub-category in those industries whose raw materials now face (a) the higher US dollar and (b) the 15 per cent extra-regional charge. No one should be surprised if a number of large corporations either fold or shrink.

In both cases, employment will be affected and Government will be forced to buy-over or invent make-work schemes, thereby in a circuitous way achieving the objective of getting everyone on the Government's payroll. The only difference

is that while business creates wealth and success, state corporations the world over make losses that are subsidised by the ever-pressed and harder-taxed citizens.

There will be cases where categories of the oppressed businesses will overlap or merge, heightening the hardships. The outcome of closures of many firms seems inevitable, especially among the smaller importers, and the spectre is looming of the way Georgetown, looked when Forbes Burnham chased away enterprise, leaving dark, empty, walled-up premises in the once flourishing business district.

Perhaps a 90 or 120-day "stay of execution" allowing already purchased, or imported or sold goods, to be transacted at the old rate will delay the inevitable. But under the new fiscal formula, the overall effect will be the same — that of oppressing business.

The devaluation will benefit tourists, and those in a position to export. Angostura should continue showing improvement in its external account. Long suffering Trinidad Cement may finally be in a position to send its Ordinary Portland and its sulphate resistant cements overseas. Devaluation by many of our Latin American neighbours placed them in the position where they are able to send large tonnages to the US market. TCL ought to be able to get into the export business and to start seeing a ray of light for the first time in many years.

As more enterprises make the change in orientation to exports, they could be in a favourable position to find overseas buyers once the quality of their products is good. But this change-over could take anywhere between a year to two years. Only a handful can jump immediately at the export opportunities. This is because satisfying growing consumer needs had taken precedence in the boom years: and the changes in direction that ought to have been implemented in those more flexible years were never positively encouraged by the Government. Now that drastic change has come it may just be a bit more than the economy can stand.

The more optimistic businessman agree with Dr. Blackman of the Barbados Central Bank who declared that last week's devaluation by Trinidad and Tobago was inevitable and it was the only way to restore Trinidad and Tobago's competitiveness since wages had gotten completely out of line. What could be added with equal accuracy is that the Government sat idly by, applying neither guidelines nor the force of suasion, when the unions made their run of extravagant demands during the oil boom years.

From its attitude, it seemed as if the Government almost relished the pressures given to businesses by the unions. If the long-term aim is to annihilate private enterprise, then the attitude is justified.

### DISGUSTED HABITS

Even in the boom years it was clear that nothing lasts forever. This very column stated on several occasions that the exorbitant wage increases were mad and could not be sustained. That labour was getting into disgusting habits, and a lazy, something-for-nothing attitude. That wages bore absolutely no relationship to productivity.

All of this was known to everyone, but the Government preferred to do nothing. Dockers and their wages and their repugnant work habits were likewise allowed to get worse and worse. And now that the fatted calf has died, it is the public at large which must stand the pressure of a deep devaluation in order to overcome the high work rates and port rates that the Government blithely permitted.

In ancient times the people of Israel had a ritual whereby the sins of the people were put on a goat which was then driven into the desert, taking the burden of sins and punishment with it. True to form, history has repeated itself and the sins of greed and excessive wages have now been transferred to the unfortunate public which, like the sacrificial scapegoat of old, is driven out into the desert bearing the sins it did not commit.

And what is to prevent unions from once more getting off the call for more wages to meet the higher cost of living? Experience would indicate that the Government would again give no guidelines and do nothing. It is more than academic to question whether this would be the last step into the "promised land" of more state corporations and an ideology where both Government and labour can achieve their objective of being comrades together.

A number of people, among them the old age pensioners and the

thousands of squatters, most of whom are illegal immigrants allowed to stay in exchange for PNM votes, believe they are exempt from the gloom and doom that have overtaken the country. This column advises that they should not feel complacent because the higher prices, the unemployment and the economic dislocations will leave no one exempt. Under the new age, it should not be more than a few weeks before they get the message.

As this column queried about a year ago, perhaps 1985 was the last carnival. There isn't much scope for merriment at present.

The slow, inexorable grind towards state domination is bad enough. What is particularly saddening is the immorality and corruption that goes with it. The public is told to tighten its belts and to make greater sacrifices. What sacrifices is Caroni making? BWIA's big sacrifice is to take a party of good-timers to Frankfurt. ISCOTT's losses may come down from \$500,000 a day to a "modest" \$200,000 a day. Yes, while the public tightens its belt, bureaucracy applies a different formula for itself, even refusing to provide the accountability that everyone has clamoured for over the years.

We still don't know the details of money spent at ISCOTT. We still don't know the extent of the commissions, and who received them. The DC-9 scandal still remains a secret. Accountability on O'Halloran is a private matter. And the shooting of Mottley remains covered up by a Government that once came to power on the plank of morality.

One of the things that the road to socialism simply cannot stand is serious criticism. It must either be squashed or cunningly eliminated. One cunning way is to have a drastic currency devaluation so that for instance, newsprint goes up dramatically. Critical newspapers are then caught in a dilemma. If they don't increase their prices, they lose. If they dramatically increase their retail prices, they lose. Thus, many newspaper critics can be quietly and cunningly silenced, including this column: and the Government can tell its supporters that "we did not do them anything. They are all free."

The Government itself will be left with a powerful television station, a radio station and an information network that can be upgraded to a newspaper in fairly short order. In other words, the socialist objective of total control over the media is just around the corner.

# Panday on Revenue Shortfall

Port-of-Spain TRINIDAD GUARDIAN in English 23 Dec 85 p 16

[Text]

AS A RESULT of a senseless money-grabbing exercise — as contained in the 1985 Budget measures — there was a shortfall of \$1,578 million in revenue this year.

According to Opposition Leader Basdeo Panday, this is not the way to run a country, not when it is recalled that when a Government fails to collect anticipated money, proposals for expenditure will collapse.

This is how the 1985 Budget turned out, he said, in his contribution to the Budget debate on Friday:

REVENUE	BUDGET \$M	OUT-TURN	DIFFERENCE
Tax on Income	4,570.7	3,797.6	- 773.1
Custom and Excise Duties	1,019.2	683.0	- 336.2
Motor Vehicle Taxes	192.0	149.9	- 42.1
Purchase Taxes	400.5	312.9	- 87.6
Other Tax Revenue	324.5	291.2	- 33.3

"Tax receipts from companies fell by \$290.4 million (i.e. 11.2 per cent) as business began collapsing like ten-pins while those that survived suffered massive drop in profits as a direct result of the madness contained in the 1985 Budget.

"Tax receipts from individuals fell by \$491.0 million (or 25.8 per cent) below their estimate because of retrenchment and mass unemployment — the result of P.N.M. policy, or lack of it.

"Total revenue receipts from Customs and Excise duties recorded a decrease of \$344.6 million (33.0 per cent) because of the import duties and the 12 per cent stamp duty on bills of entry imposed by the Government.

"As a result of that senseless money grabbing exercise there was a total shortfall in revenue of \$1,578.6 million. Now when you recall that a Budget is a statement of income and expenditure you would

realise that if you fail to collect the money you anticipated then all your proposals for expenditure would, of necessity, collapse.

"If that happens then the Budget you present to the nation cannot be the Budget by which you

run the country. And that is exactly what happened in 1985. The Government had a secret Budget, or none at all. That is not the way to run a country — particularly if what you do, in fact, collect is squandered on corruption, maladministration and inefficiency.

Does the 1986 Budget provide any hope? I would say not: It is worse than the 1985 Budget."

## ONLY 159 LOTS

Wading into the Government's projected and actual performance in house provision to citizens, Mr. Panday said that only 159 lots for homes were given this year and a "paltry 985 houses have been built."

This must be taken in the light of noted Caribbean economist William Demas's report, delivered five years ago, which estimated a backlog of 40,000 housing units.

He added:

"There you see in all its naked truth the difference between rhetoric and reality; between old talk and performance; between truth and falsehood.

"It is against this background of corruption, maladministration and deceit that we must look at the 1986 Budget. But that is not the end of the grand deception of 1985."

## Attack on Private Sector

Port-of-Spain TRINIDAD GUARDIAN in English 24 Dec 85 pp 1, 12

[Text] Minister of State Enterprise Ronald Williams yesterday blatantly attacked the private sector and conglomerates, charging that they had done nothing--bar employment--to develop the economy of Trinidad and Tobago in the past decade.

He said the development of the economy was due to Government's initiative in investing taxpayers' funds to develop the infrastructure, energy and energy-based industries, thus providing the base for diversification.

One of the main reasons for devaluation of the Trinidad and Tobago dollar, he explained, was because local labour cost had now priced itself out of the international market, making Trinidad and Tobago's situation uncompetitive.

Mr. Williams took issue with an article written by "Special Correspondent" appearing in last Sunday's Guardian." [quotation marks as published]

From the outset of his contribution, Mr. Williams noted that year after year one heard of the so-called dismal performance of the State enterprises and read about it in the editorials of the daily Press.

Editorial opinion was that the Government should eschew these projects and leave them to the hands of the private sector which could handle them more profitably.

What the prophets of doom and gloom did not realise, he said, was that it was taxpayers' money alone that had fuelled the economy of Trinidad, that enabled all those private sector enterprises to make money.

#### Taxpayers' Money

"What wealth and successes have been created by the private sector in this country were it not for the taxpayers' money that has gone into the economy?" he asked.

"Were it not for Government investing heavily in energy and energy-based industries, laying the groundwork...Government putting into place the necessary infrastructure...when you look at it all these conglomerates have made mas' with the taxpayers' money," he added.

But he said he did not blame them. It was their constitutional right to put their money wherever they wanted their mouth to be; however they wanted to do it.

"What is this dismal performance in the Public sector compared to the whole private sector to which I do still belong, and is emotionally bound? How successful have they been?" he asked.

"State Enterprises," he said, "is the largest conglomerate not only in Trinidad and Tobago, but in the whole region.

"If we are to compare the performance with the performance of other conglomerates, where Government's money was not being channelled into the economy, you will find that the experience and results of the private sector have not been all that hot," declared the Minister, who recalled that one conglomerate suffered a loss last year of \$25 million.

#### The Figures

State enterprises in the ministry, he explained, were sectorised into three areas--energy, and energy-based industries; agriculture, agro-based, and manufacturing; and finance, transport and communications.

Preliminary and unaudited figures for 1985 showed Fertrin with \$32.8 million profit; Tringen, \$5.6 million profit; National Petroleum, \$10.3 million profit; PLIPDECO, \$1.2 million loss; National Energy Corporation (NEC), \$90 million profit; National Gas Company (NGC), \$14.7 million profit; Trintoc \$71.8 million loss, compared to a profit of \$156.8 million last year.

ISCOTT, \$190 million loss; Lake Asphalt, \$2.8 million loss; Trinidad and Tobago Petroleum Company (Trintopec), \$150.7 million profit. He also referred to figures for Trinidad Cement, methanol and urea.

In all of the companies in the energy and energy-based sector, five of them showed profits of \$197.1 million, while there was an aggregate loss of \$363.5 million.

In the agriculture, agro-based and manufacturing sector, there was an aggregate profit from two companies of \$1.9 million, and an aggregate loss by six companies, to the tune of \$392.7 million.

"Sunday Guardian Correspondent," he noted, talked of divestment, but the Minister told Parliament: "As long as I am Minister of State Enterprises, I will never recommend to the Cabinet that they should divest the profitable companies and leave me holding the dogs. No way."

But he said divestment had taken place. The Government had divested 49 per cent in the National Commercial Bank (NCB).

Speaking about Caroni (1975) Limited, the Minister said that enterprise had cost the Treasury \$1.5 billion since the Government took it over.

Since there was no money to be made from sugar production, Caroni embarked on a diversification programme.

#### Caroni Workers

He said there was no way that the company could even break even with sugar now selling at 5.6 cents per pound. But he asked: "What will you do with 12,000 people? Take them and throw them into the Gulf? You've got to be crazy."

Caroni, he pointed out, had suffered a loss of \$365 million.

In the category of finance, transport and communications, Mr. Williams said BWIA suffered a loss of \$31.3 million, compared with \$84.1 million last year. "That is what we are about, cutting our losses because "it offends me grievously to see losses." [quotation marks as published]

He noted that NBS Radio had a \$900,000 profit; NCB, \$3.7 million profit; Textel, \$9.7 million; Reinsurance company, \$700,000 profit; Solid Waste, \$1 million profit. [sentence as published]

[The Port-of-Spain SUNDAY GUARDIAN of 29 December, on page 3, along with its regular "special correspondent's" article, carries a boxed letter to the editor from Minister Ronald J. Williams under the heading "What I Said--Williams":

[The Editor: Unless Hansard proves me wrong, I could not have possibly said in Parliament that the private sector and conglomerates had done

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nothing to develop the economy because that is not my belief and is simply not true.

[I did say and this is my belief, that the private sector had done nothing to develop the natural resources of the country, that the private sector's contribution in industrial development had been in import substitution, that only Government had the financial resources for the massive investment required in the energy and energy-based industries.]

### State Enterprise Losses

Port-of-Spain TRINIDAD GUARDIAN in English 25 Dec 85 p 3

[Text]

STATE enterprises in Trinidad and Tobago suffered an aggregate loss of \$569.9 million this year, according to preliminary, unaudited figures read out in Parliament Monday night by State Enterprises Minister Ronald Williams.

He was, at the time, speaking of the situation of the Minister of Finance as Corporation Sole vis-a-vis the local conglomerates.

He told the House of Representatives in the Budget debate:

Overall, for this conglomerate — the Corporation Sole — the 1985 loss was \$569.9 million.

Number of people employed — 30,000. Salaries last year totalled about \$1.2 billion, and on an average tax rate of say 30 per cent, the Minister of Finance had "clawed back" from the 30,000 employees, \$360 million.

Of the lot, 15 of these companies, he said, were foreign exchange earners, and for the period 1980-'84, over the five years, they had brought in US \$4.8 billion. In 1983 and 1984 alone they had earned US \$1.9 billion.

The problem with the capitalists, he said, was, that wherever they were in trouble "they came bawling to the Government."

Mr. Williams recalled the company that had asked the Government to introduce the Aliens Land-holding Act and to take shares in the company that was being established by one Jessel.

"This same company that owns this paper (holding a "Guardian" page in his hand) which has become McEneaney/Alstons, the major shareholders of "Sunday Guardian Special Correspondent", the identity of whom continues to remain anonymous," he added.

Pointing to the performance of

the State Enterprises sector, Mr. Williams asked "is that evidence of a slow road to socialism?"

### SAFE BUSINESS

He recalled that over a year ago the Government had been approached by the private sector which wanted to go into a joint venture with Imperial Chemical Industries (ICI) to establish a methanol plant, without Government participation. Mr. Williams said he was happy about the move. But later, according to Mr. Williams, ICI said it wanted the Government in on the project.

But the proposal for a private sector-Government-ICI venture fell through, because the only people who had enough money were banking and insurance. The final opinion of the private sector was that the venture was "high risk."

"Local entrepreneurs," he declared, "like safe business. I don't blame them. It is their money and they can put it where they want. But when the period of adjustment comes don't come bawling, because the private sector has done nothing to develop the economy, save for employment," the Minister added.

Before concluding, Mr. Williams also strongly criticised the contribution made by Opposition Leader Basdeo Panday, branding it as "deceiving and distasteful," and said "it was a dirty piece of work."

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## Weekes' Pessimism

Port-of-Spain TRINIDAD GUARDIAN in English 25 Dec 85 p 3

[Text]

IN HIS Christmas message, the President General of the Oilfields Workers' Trade Union (OWTU), Mr. George Weekes, has lashed out at union leaders who work consistently against unity in the labour movement.

He compared them to the "rulers and powerful elite" Christ struggled against.

Mr. Weekes was also critical of businessmen who exploited consumers and workers in order to amass personal wealth.

He pointed out that large sectors of the population could not enjoy Christmas this year because they were victims of unemployment or were threatened with retrenchment.

He said: "Indeed most working people will experience a Christmas of uncertainty and unease because the 1986 Budget and in particular the devaluation of the dollar will bring great hardships since prices will increase dramatically. And this situation is further aggravated since the merchants for the gain of profit are by endless advertisements obscenely exploiting the tradition of giving at Christmas as an act of goodwill and fellowship and turning this into an event of consumerism, thereby creating frustration among those who are unable

to purchase all that is paraded on the TV, newspapers and in the stores."

Mr. Weekes said some thought should be given to employees at CLICO, Trinpet, Dunlop, Metal Box and CPI — who have been involved in industrial action for several months.

"In keeping with the Christmas spirit for which the Prince of Peace was born, letters have been written to the companies concerned, and released to the public through the media, the Minister of Labour has been informed of our proposals and appeals have been made to him by the union officially and by the workers directly to bring about dialogue," he said.

In concluding, Mr. Weekes called on employers to search their conscience and reminded them that they would be finally judged on the basis of their deeds.

## Revenue From Devaluation

Port-of-Spain EXPRESS in English 25 Dec 85 p 32

[Article by David Renwick]

[Text]

AS A result of the windfall tax increases to the Government from devaluation, the 1986 Budget has increased by \$2.3 billion to a new figure of \$9.1 billion. This is divided into \$7.06 billion for recurrent spending and \$2.06 billion for capital requirements.

These changes were made in Finance Committee at the end of the three-day debate on Monday night. The Appropriation Bill itself, which is the Government's legal authority to spend money for another year, totalled \$8.9 billion, since under the Constitution, \$211.6 million worth of expenditure is a direct charge on the Consolidated Fund.

The "devaluation tax advantage" accorded the Prime Minister

and Minister of Finance and Planning, George Chambers can be seen from the forecast tax and non-tax revenue increases for next year. The original estimate for income from oil companies, for example, was \$1.4 billion, but this has now jumped to \$2.6 billion. The estimate for royalty income from oil production was earlier set at \$415 million and has gone to \$622 million.

From duties on devaluation-inflated goods imported into the country, Chambers will make \$750 million in 1986, instead of \$530.6 million and from taxes on goods and services he will earn \$966.4 million, rather than \$899.9 million.



Even overseas borrowing will yield much more revenue in local currency because of the devaluation. Whereas the original figure in the estimates was \$1.08 billion, it is now \$1.4 billion.

Of course, there is the reverse side too — an extra \$161 million will have to be found to pay interest charges on foreign debt and \$118 million more will be needed for capital repayments. But Chambers has pushed up his revenue from an expected \$7.09 billion to \$9.1 billion and hopes to end 1986 with something he has not had for many years — a small overall surplus of \$41.7 million.

After 21 Government and Opposition speakers over the three days, during which the House created history by sitting on a Saturday, Chambers chose not to close the Budget debate on Monday night himself but leave it up to National Security Minister Overand Padmore, a trained economist who has had previous experience of the Finance Ministry.

His basic rebuttal to Opposition arguments was that the devaluation provided "opportunities and possibilities" for those prepared to grab them. "It is a Budget pregnant with possibilities for the enterprising" (to which Opposition Member for Oropouche, Trevor Sudama, retorted that there "might yet be an abortion").

The Finance Minister's strategy was aimed at "manipulating certain components of national

income to get the country to grow," Padmore declared. Hence "the focus on exports and investment." The goal was "to consolidate the gains and ensure tomorrow." The PNM would not try to court popularity and "sell the country for election purposes."

Any "responsible Minister of Finance must take cognisance of the economic environment in which his Budget is being presented" Padmore, whose speech went out live on TV and radio as it did last year, told the House. That was why the effect of the Budget would hopefully be "to cut our coat to suit the cloth we now have."

Padmore boasted that "the sound economic policies" of the Government "stood high like a beacon of success in a world of high debt burdens." Debt was the end result of an uncompetitive economy and such an economy "could not even survive in its own country." But the country was now "poised" to "take advantage" of the measures which had been put in place.

He roundly accused the Opposition of being "negative about everything." No "meaningful alternatives" to the Budget strategy had been proposed. "All they think about is disorder, disaffection and upheaval," Padmore charged.

The Senate will now debate the Budget, starting at 9.30 a.m. on Friday and continuing on Saturday and Monday.

#### GUARDIAN Criticism

Port-of-Spain SUNDAY GUARDIAN in English 29 Dec 85 pp 3, 10

[Article by SUNDAY GUARDIAN special correspondent: "Budget of Illusions: Price Rises Will Bring Tears; We Are Still in the Dark About Our State Enterprises; We Are on the Verge of Bankruptcy and Life in TT Is About To Be Profoundly Altered; Government's Hacking at Importers Instead of Its Own Waste Will Bring Severe Hardship"]

[Text]

THE LAW states that companies owned by the public must publish their figures of performance in full detail within four months of the end of their financial year.

This is to ensure and enforce public accountability, compelling management to keep on its toes, exposing performance to full scrutiny, and providing citizens with the data needed for important

decisions and policies. From any point of view, prompt accountability is a good and wise thing.

Why, therefore, does Minister of State Enterprises Ronald Williams keep the public in the dark about the performances of State companies?

By his own admission, State enterprises are the biggest conglomerate in the country and the re-

gion, representing billions of taxpayers' dollars, making them the most broadly-based in terms of ownership, with Government as executor.

Seen this way, why is it sensible and wise for lesser conglomerates and relatively smaller companies to reveal all transactions and results at the end of each financial year, but not the State companies?

In his recent outburst in the House of Representatives, Minister Williams sought to justify the performance of State companies by trotting out figures to show there are profits as well as losses, and that results are not all dismal.

The question arises — how does the public know for sure his figures represent the full truth? The citizens haven't the slightest idea how he arrived at the so-called facts: what inputs were used — or avoided, what fiscal paths and alleyways he trod, and what data were overlooked.

#### FULL DISCLOSURE

Every schoolchild, and presumably Ronald Williams, knows that where money is concerned only full and detailed disclosure and explanations are satisfactory.

This is not the case in State companies where there is disconcerting absence of balance sheets, profit and loss accounts, cash flow figures, analyses of loans, breakdowns of salaries, data on commissions, extent of interest payments, sources of funds, marketing strategies, and so on.

Even in the setting up of certain State companies, absolutely nothing is ever revealed to the hapless taxpayers.

Take the case of ISCOTT, about which this column and many other sources over the years have been clamouring to obtain the start-up costs ... in vain. We maintain the right to know who were the suppliers, whether there was a tendering procedure, what commissions were paid and to whom, costs of construction and by whom, transportation contracts, etc.

Nor are we to be fobbed-off by Minister Williams when he is good and ready. We the public want an impartial and detailed account by independent authority.

Public companies have to publish their full results promptly, not only once a year, but twice yearly. In this way, private enterprise is fully accountable to the shareholders (and all citizens are apprised through the Press of profits and losses), for half yearly activities as well as yearly, and it's about time that State corporations were made to do the same.

Lack of accounting by Minister Williams was bad enough. He worsened the caricature of what ought to have been sound reckoning by the reported charge that the private sector has done nothing to develop the country in the past decade. What does he call the immense contributions of Amoco and Texaco?

The giant auto plants bringing technology and employment have played significant roles, as has the banking sector that has fuelled abundant areas of development. Housing needs little accolades, the magnificent stretches in Arima and elsewhere being formidable testimony to the enterprise of private effort.

Our nation's farmers are some of the most resilient and capable private enterprisers, feeding thousands with unquestionable efficiency ... a palatable contribution in every sense. The giant factory of Nestle at Valsayn with its ever expanding range of products and the biggest single user of local coffee, sugar and fresh cows' milk is a beacon to private enterprise contributions.

The Angostura story is one of dynastic success defying time and geography. The very industrial estates provided by Government are mainly for the endeavours of the private sector.

Where private enterprise has not ventured, it is because it was either not welcome or its overtures were rebuffed. Take the case of the Chaguaramas peninsula mentioned only last week in this column. It is positively ripe for hotel, housing and industrial development, not to forget agriculture and commerce as well as docking.

The PNM Government has steadfastly refused to acknowledge the report of some ten years ago on development opportunities, and has kept a virtual graveyard. Government, not private enterprise, has killed the development of Chaguaramas and the offshore islands.

Minister Williams talked about the PNM's foray into the infrastructure and the field of energy. The first is the purview of any Government, except in the case of the PNM the infrastructure is largely patchy and, in cases, simply awful.

Examples include drainage (remember the recent floods ... the same that occur every year?), electricity (outages daily; costs running into millions), and of course the roads. About the latter nothing needs to be said.

And if Piarco is one small ray of hope in the gloom and doom Minis-

ter Williams and his cohorts create and maintain, then it is only going right because Selwyn Richardson has the sense to brush aside their bureaucratic chicaneries and blockages.

And while on the topic of airports, if such an impressive infrastructure has been devised, why did the PNM Government discard the worthy idea of Caribbean United Airlines (now defunct) years ago to build a small facility off Sea Lots to facilitate travel to Tobago?

As far as the energy field is concerned, the point has already been made of no accountability and there is nothing further to add at present.

#### • PLAYING MAS'

On the matter of the importance of taxpayers' money in the economy, the private sector, by definition, mobilises the capital and talents of individuals and results are there for all to see in the reports of public companies.

If anyone has played mas' with the taxpayers' money, it is the PNM Government with its inevitable cost overruns, jobs for the boys, incredible wastages and sickeningly defiant lack of accountability for billions of dollars, one of the biggest "bands" being ISCOTT.

But it is in his attitude towards divestment that Williams, the Lesser (i.e., Ronald Williams) differs most markedly from Williams, the Major (i.e., Dr. Eric Williams.) The Major promised divestment.

The Lesser recently declared his opposition to divestment of successful enterprises, abundantly supporting the view that the socialist PNM Government definitely will not divest and, as such, is guilty of a monstrous deception or made a sharp about-turn.

Furthermore, because Government companies are separate entities and their accounts are not consolidated, it is a straightforward matter to sell off one by one, starting with the more successful ones, thereby giving the Government a reputation for genuinely doing what's right and for a sincere interest in the people it represents.

To withhold divestment, or to refuse to part with majority control as in the case of the National Commercial Bank, depicts a basic distrust of the population and underlines the dangerous Marxist flavour to current governmental approach that prefers monopolies for the principal reason that state megaliths are unable to compete, and if faced with others in the field, they would almost certainly fail.

Armed with thinking such as this that eschews competition and hates divestment, it is becoming clear that the one-time "unrepentant

capitalist," as Minister Williams has described himself, has failed in the enterprising aims he appeared to have (of improving and gingering up the State enterprise scene).

The backdrop to the Williams statement is the 1986 budget where the scene had been set for misleading talk, with Prime Minister Chambers first painting a picture of great financial harmony, progress and achievement... before announcing that a drastic devaluation was necessary. Somehow the two don't go together.

After all, if the patient is well and far from sick, why such drastic medicine? Fortunately, the population by now understands the regular doses of double talk inflicted on it by members of the majority party.

Where things got really misleading was in the references to schedules of duties and taxes to be published following the budget presentation. It sounded routine, matter-of-fact, no big thing.

In fact, it is turning out to be such a big thing as to be regarded as most unfair to the Parliament and the public to be given such an impression when the opposite is true.

For the Minister of Finance to declare that the changes would cause only a little increase on the cost of living is off the mark, because the cost of living is set, in reality, for a substantial increase that will turn the tears of joy of pensioners who received some relief, into tears of grief.

The other illusion in the budget is that of economic re-orientation to reliance on non-oil exports, on the basis of the devaluation. In the first place, whatever encouragement the 50 per cent slash may have on exports, it will take two or more years to bear the desired fruit... if ever.

The situation is complicated by the fact that Trinidad and Tobago is an importing nation by the geography and tradition. This will be very difficult to change due to the lack of natural resources (excepting petroleum products), high wage levels, and exorbitant port charges which devaluation, per se, will not be able to rectify.

#### KILLING THE GOOSE

Nor is there much comfort to be gained from the rash of names of exports and exporters published by the Export Development Corporation. The information may read well, but what does it really say? Once again this column asks for details, not just broad, impressive-sounding outlines.

For instance, how many employees are involved in the export drive claimed by the EDC? What are the foreign exchange earnings? What

are the destinations of the goods? The facts, please; not mere cosmetics.

It is the contention of many that this change-over in orientation was not thought out. Some feel the devaluation had very little to do with economic realignment, and lots to do with meeting Government's need for more money to pick up the slack from declining oil prices, in order to pay monumental wage bills needed as an electioneering gambit.

The economic reality is that it is the importers who are the principal employers and taxpayers. and their quick demise or severe truncation will cause severe hardship that could be avoided or smoothened by Government taking the path of reason and good sense rather than that of political expediency.

Thus, instead of cutting its own flagrant wastages, the PNM Government is hacking away at the goose that lays golden eggs... in the hope of turning it into a swan. Alas, it could end up with neither goose nor swan.

Even the goslings that were once encouraged, such as the vehicle assembly plants, have been plied with such heavy taxation up to the present as to make the prices of cars prohibitive, especially in a sliding economy, raising the question of what will happen to the jobs, direct and indirect, in this industry.

Tourism, answer the budgetary proponents, will be an important saviour to the deep cut of devaluation. The traditionally — promised North Coast hotel is once again featured. How often we have heard about these. The new rallying point is a facility at Las Cuevas with no attention to the time factor for building and starting operating, its isolation from activity and variety, etc.

Conveniently overlooked for yet another year is the recommendation of some ten years to fulfil the Chaguaramas Convention Centre in its originally intended role as a hotel, and upgrade Chagacabana Hotel. The lead-in time on those two would be much shorter... but then logic has never been a strong point with the PNM Government.

That's why a shot in the dark at Las Cuevas would always get the nod over the required change in attitude at a national level which is the fulcrum of a successful tourist industry.

Until tourism becomes a national policy and commitment, single hotels on the North Coast would not provide the pump-priming the economy needs.

Whether it is tourism, or a hoped-for export thrust of immediate requirement, the budgetary proposals add up to a national catastrophe, the final step in the worsening mismanagement of our blessed isles by people who know how to spend lav-

ishly and tax abundantly, but haven't the slightest idea about how to generate success, about how to make money.

In fairness to Prime Minister Chambers, he inherited a mess. Where the nation faults him is in not having the courage to stop it, but to allow it to become worse and worse.

That is why this column urges the citizens of Trinidad and Tobago to think well and carefully about all that is going on, because economic stagnation leads to all sorts of things that normally quiet countries are not accustomed to see.

Strange and at times extreme actions are known to occur. That is why the electorate has to begin to think carefully. Life as we know it in Trinidad and Tobago is about to be profoundly altered, and no one can dare to be indifferent.

We are facing a country on the verge of financial bankruptcy that has been bankrupt of new, imaginative solutions from its leaders for years. There is barely enough money to meet recurrent costs. Harsher stringencies are in store.

Once powerful Trinidad and Tobago is now an economic has-been with brand new money not worth the paper it's printed on, and certainly worth less than nearly every currency in our Third World region.

How the mighty have fallen—a line from Julius Caesar, performed some years ago by Ronald Williams, who may be doing his last acting stint.

A country that commanded millions, with nothing left except bewilderment. A once-rich nation with impoverished thinkers unable to see the dangers to overseas students and to importers with goods on the way, of their draconian measures brought in to solve problems they presided over and helped create.

It's sad to note that countries around us, which are so much smaller than we are, and which are blessed with far less resources than we are, have managed their economies efficiently, resulting in our citizens having to pay \$1.80 (TT) for a Barbadian dollar, and \$1.32 for an EC dollar.

We are further saddled with a two-tier system which has a track record of never having worked. Yet despite this precedent we have walked straight into the trap of a system that cannot be managed

[and which opens the country to more corruption.

It is just a matter of time before we discover what amazing items will be coming in under the heading of raw materials.

Mismanagement of the economy has brought us to this low point and to a draconian devaluation. This is fact, and this is the truth.

### Call for Government Resignation

Port-of-Spain SUNDAY GUARDIAN in English 29 Dec 85 p 1

[Article by Mikey Mahabir]

[Text]

#### SAN FERNANDO:

OPPOSITION Leader Basdeo Panday, continuing his criticism of the 1986 Budget, especially for devaluation of the Trinidad and Tobago dollar, has called on the Government to resign "before it is too late."

Asked what he meant by "too late," Panday said if the Government did not resign now, it would destroy the economy of the country.

He said the Government, by devaluation, has put the country on the road to economic disaster, "because in the next few months ahead, prices of commodities will rise by between 30 and 40 per cent."

Panday predicts that come April-May 1986, citizens will start feeling the full burden of economic hardships through rising prices of goods.

Already some firms have increased their prices and with the continued high unemployment rate, the nation will be in for a very bleak 1986, he said.

### PPM Comment

Port-of-Spain EXPRESS in English 31 Dec 85 p 7

[Text]

THE 1986 Budget is a shopping list of horrors. It would not benefit the 'small man'.

This is the view of the People's Popular Movement (PPM). In a release, the PPM said the Budget is a no-go experiment and that it is inimical to the best interest of the nation as a whole, particularly to the working men and women and the small businessmen.

The PPM stated the new double exchange rate will do just what it did to the Jamaican small businessman — declare him unprofitable and redundant.

"As a consequence, it is the big foreign and local

businessmen and particular the banks, who will pick up the slack."

The PPM stated that prices for both locally produced and imported goods will rise. It said many small and medium-sized businesses will crumble. It added that the Budget has cut back on the opportunity to travel abroad and buy

cheaper goods for personal and domestic consumption.

"Nowhere in the Budget are there clear proposals to protect the interest of the young, the poor, the workers, the middle strata or the small businessman," the release said.

The PPM predicts that devaluation will have the opposite effect that the government intends it to have — more unemployment, higher prices, ailing business, increase in inflation and a distabilisation of the economic, political and social fabric of the society.

"It is evident that the government has decided to throw down the gauntlet to the people in a take-it-or-leave-it manner. It is the people who must decide whether we will rise to the occasion to change the course of events."

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TRINIDAD AND TOBAGO

ROBINSON IN INTERVIEW COMMENTS ON BUDGET, POLITICS

Port-of-Spain SUNDAY EXPRESS in English 29 Dec 85 pp 11, 12

[Interview with A.N.R. Robinson, chairman of the Tobago House of Assembly]

[Text]

ONE OF THE most attentive people sitting in Parliament as Prime Minister and Minister of Finance George Chambers was delivering his 1986 Budget Speech was A.N.R. Robinson, chairman of the Tobago House of Assembly, himself a former Finance Minister and the man who will lead the National Alliance for Reconstruction (NAR) political battle in the next general election.

In the following interview with Robinson, the SUNDAY EXPRESS naturally began with the talking point of the 1986 Budget:

**EXPRESS:** Mr Robinson, were you surprised at the announcement of a devaluation?

A: I was certainly surprised at the timing of the announcement and of the carrying into effect of the measure, but it was clear to me that a devaluation was inevitable, from the policy that was being pursued by the government. For example, it was clear that the fiscal policies had failed, that the tax measures had not succeeded, that the current expenditures were increasing faster than revenue and an unbridgeable gap was developing between the government, the current expenditure and the current revenue and an overall deficit of enormous proportions had emerged into government's finances.

In addition to this, the costs of Trinidad and Tobago products, largely resulting from inflation and from inefficiency in government and elsewhere had reached very high relative proportions to other countries which were in competition with Trinidad and Tobago. So that from these policies being pursued by the government, it was clear to me that devaluation would have to take place at some time.

But nevertheless, I was of the view that a devaluation had to be preceded by certain measures in order to have beneficial results. For example, control of the government bureaucracy was necessary, increased efficiency in the public service in the administration generally, control of corruption in the society, and measures to restrain explosive increases in prices and wage demands needed also to be put in place before any devaluation measure could possibly succeed.

**EXPRESS:** These are all very difficult things to achieve. Each of the proposals you have identified in this scenario we have talked about in this country for many years. They would take a very long time before they could be put in place. Given the options, such as they were, open to Mr Chambers at the time of preparing his budget, what else

could he have done to bridge that shortfall to which you refer?

A: I don't think it's a matter of what Mr Chambers could have done at a particular moment of time because all these matters are related one to another and if you start moving downhill, if you draw yourself down a precipice, obviously you are going to fall to the bottom and it's no point asking somebody what you can do halfway down the precipice.

The fact is that this government embarked upon a course which was ruinous and which many persons, including myself, warned them was ruinous: the explosive increase in expenditures, the extravagant manner in which those expenditures took place and the nature of the projects, the increasing extent of inefficiency and corruption in the society, all of these pointed in one direction, so that Mr Chambers was part of all of this.

**EXPRESS:** Are you saying also that you do not expect the devaluation, since these things you have referred to have not been put in place earlier, that you do not expect the devaluation to achieve the desired result?

A: No, definitely not; I do not expect the devaluation to achieve the proclaimed intended results. I think the real intention of this government, was to deal with its own financial situation. That was the basic problem that it faced, that the government finances had collapsed, that an unbridgeable gap had developed between expenditure and revenue and, consequently, the only alternative that the government left itself was devaluation of the currency. Now, the question arises as to whether it should have been 50, 40, 30, or 10 per cent, as the case may be, and it is quite clear that this was not thought out at all.

**EXPRESS:** Do you think that even at this late stage there is any prospect of an incomes policy being introduced?

A: There is a prospect of an incomes policy being introduced.

**EXPRESS:** Before election?

A: My own feeling is that it would not succeed before an election. What Mr Chambers may try to do is to introduce some hasty measures, and give the population the impression that those measures will succeed. But he may try to call the election before it is demonstrated that those measures are a failure. Our business will be to let the population know in advance that, like his other measures, they will be a failure.

**EXPRESS:** Some time ago, not too very long ago in fact, you suggested that the election would be held some time between April, I think you said, and November. Now at that time, had you anticipated that a devaluation would have taken place?

**A:** I did anticipate that a devaluation might take place. My own feeling was that Mr Chambers would go to the electorate before a devaluation, so that the devaluation that has taken place is a result, a definite result of panic and desperation on the part of the government. They felt they had no alternative. No government devalues and then goes to the electorate.

**EXPRESS:** Does this act of devaluation change your prognosis for the election?

**A:** No. It strengthens my prognosis. I think that the government is in an even more difficult situation in respect of an election, even though it will have more money to spend, but at the same time it will have many more problems, and many more people will be hurt and a great deal more of unsettlement and unrest will take place in the society and in order to avoid facing the electorate after all these consequences take place, the government will be willing to go to the electorate before the full effects of devaluation are felt.

**EXPRESS:** If you had to choose a month now, what month do you think we are likely to see an election? Are you able to narrow down that April to November scenario?

**A:** The month I would say, but obviously my saying it would make Mr Chambers choose another date, so its counter-productive in a sense, but as of now I would say his targeting would be around the month of June. I don't think he would be in this kind of situation where he is able to predict the best period or the best time for his election. I think he will play it by air.

I think he is now living from day to day. He is going to act on an ad hoc basis. If it appears at any moment in time that a situation is sufficiently favourable, he is likely to call the election. In short, what I would like to say is that Mr Chambers is totally out of control. Not only of the economy and of the government finances, he is also out of control of the politics of the situation.

**EXPRESS:** Is the NAR ready for an election?

**A:** The NAR will be ready for an election once an election is called. You see I don't foresee an election being called before March, that is to say, before carnival and, by March or April, the NAR will certainly be ready for an election.

**EXPRESS:** Will the NAR be fighting the election as one unified party or will it go into the election as an alliance of parties?

**A:** Yes, we will be one party. We have already decided that we will go to the elections with one manifesto, one symbol, one slate of candidates and one political leader. The process of unification has already started and continues to deepen and will continue to deepen by the time of elections.

**EXPRESS:** It has been suggested that if the NAR won the election, there could be further difficulties on the question of leadership since your base is really seen as the two seats in Tobago, whereas the ULF and the ONR may obtain more seats. Is this likely to be a difficulty?

**A:** That situation will be impossible as both the party and the country will be voting for one political leader.

**EXPRESS:** Have you been able to put your house in order? Are you satisfied today that whatever differences, whatever internal differences there were within the NAR have been put to rest?

**A:** Well, we have made a great deal of progress. As to the history of the development of the NAR, a great deal of progress has been made over a period of time. We have gone about it very methodically, very deliberately, laying very sound foundations and I think those foundations will hold.

Now, there is bound to be dissension in politics. I don't think that the dissension that may develop now at this stage will do much or real harm to the NAR for the reason that both the party, the membership of the party and the country at large are in favour of and welcome the formation of the NAR and see this is as the answer to the political situation that now exists. I think there is a strong commitment; in fact I am sure that there is a strong commitment to unity on the part of the leadership and on the part of the rank and file. There may be splinter elements, but they would not do real harm to NAR.

**EXPRESS:** There were suggestions earlier that Mr Hudson-Phillips was not fully supportive. Do you regard that as one of the problems?

**A:** No, certainly not. Mr Hudson-Phillips has been very, very strong in his statements. At the meetings that I personally have attended within recent times, I am sure from my knowledge and observation of him at these meetings and from our private discussions, that he is fully committed to unity and he is fully supportive to my own leadership of the NAR.

**EXPRESS:** There was a poll some months ago which indicated that the NAR was considered a very strong favourite in the election. Do you consider that poll to have been a positive thing for the NAR, or do you think that it may have created some complacency and, on the other hand, caused the PNM to get seriously mobilised?

**A:** I don't think that the poll made much difference to the situation in respect of the internal situation in NAR, or the NAR's relationship to the public at large. Most of the decisions which have taken place were in fact in the process of taking place before the poll was published. It must have, in my view, galvanised or stimulated the PNM to activity. It was clear that after the poll the P.M. himself embarked upon a round of meetings and that there has been a great deal more activity within the PNM. This could have improved the position of the PNM, in my view, until recently.

However, the last few weeks have been disastrous for the PNM. In respect of the issues that have arisen. For example the POS City Council issue, the issue of the shooting of a Minister. Some people think it's a private matter. But that is absurd. It's completely absurd to think that the shooting of a Minister of government can ever be a private matter. It may involve crime. How is the population to know? It may involve blackmail. How is the population to know? It may involve the drug trade. How is the population to know? And the population is entitled to know that a minister, sitting in the Cabinet and having the responsibilities that he has, none of these suggestions or clouds so to speak are hanging over him.

You know, it's an extremely serious matter that a Cabinet should seal their mouths on a matter of this kind. I know of no country in the world in which this could happen. But what I am saying is that with all these matters and with the recent budget and the devaluation of the currency and the consequences that are likely to ensue, the PNM is in serious trouble and in fact, politically, no opposition politician should want a more favourable political climate that now exists.

**EXPRESS:** Does that mean that you look forward to this election with confidence? You are optimistic about the outcome?

**A:** Yes, I look forward to this election with confidence and I am optimistic. I think that if we lose this election it will be the fault of the Opposition. Really, that is my view, though I don't for any moment underrate the nature of the campaign and the tactics that the PNM is likely to adopt in a situation of desperation. I have experienced it, for example, in the Tobago House of Assembly campaign last year.



I know that they will be ready to use all the instruments, agencies of the state and I know that they are capable of the lowest form of campaigning and of the dirtiest tricks that can be involved in electoral politics. I am not underrating the situation by any means, but I am still confident that all of these can be dealt with successfully and the PNM will be defeated.

**EXPRESS:** Would you have any reservation if the opportunity were presented, to have a public debate with Mr Chambers, you being the head of the NAR, he being the head of the PNM?

A: No. I have no reservation whatsoever. If Mr Chambers would agree to a public debate I would welcome a public debate.

**EXPRESS:** And you likewise feel confident that you would handle yourself adequately in that debate?

A: There are others, I think, in a better position to judge than myself.

**EXPRESS:** In terms of strategy, what would be the essential planks of any government that you headed? How would you see your approach differing fundamentally from the approach of the PNM?

A: Well, the first requirement is to introduce standards, conduct, standards of morality in public life, to introduce some kind of principled behaviour at the top, which can set an example for others who are lower down in the hierarchy of government, for the society as a whole and particularly for our youth. I think it is essential that the standards in the society start at the top, at the leadership level. That is the first great divide between the NAR and the PNM, the great divide between myself and Mr Chambers.

So that I will have to deal, I would feel myself compelled to deal with corruption very severely in the society. That means setting up, having the necessary laws and the necessary institutions. This government is not serious and therefore has not set up the necessary laws or the necessary institutions to deal with corruption. So that is point Number One.

Point Number Two is decentralisation of the whole government approach to economic development and embracing, bringing the whole of the population into economic development, avoiding this over-concentration on particular regions and on particular forms of industries such as heavy industry. The government put all its eggs into one basket of the energy-based industries. This was folly. They should never have done this. There was no reason why other sectors of the economy could not have been developed, modernised and developed and linkages established between these sectors and the heavy industry sectors.

**EXPRESS:** But have we not gone too far down that road now to pull back?

A: No. We have not gone too far down that road. There is still a great deal of potential in other sectors. In manufacturing, in the tourism industry, in fishing, in agriculture, agricultural processing, the modernisation of agriculture methods, the modernisation of fishing, and the development of standards in all our service industries, the establishment of service industries which can enter into and satisfy the world market, world demand in certain areas for these service industries. There is a wide range of activities in which we can engage apart from the energy-based industries.

**EXPRESS:** But is not the present government saying precisely these same things now?

A: Well the government has been saying this since Independence but what has the government been doing about it? What has the government been doing about agriculture? We have seen recently what has happened in agriculture. Agriculture has virtually been killed. And

the devaluation and measures announced by the Prime Minister are not going to assist what is left of agriculture. Government has done nothing for example about industrialisation of agriculture, the development of processing outlets and so on.

It has done nothing about modernisation of our fishing fleet. The Japanese have done a great deal in this area. The government has done nothing about the establishment of linkages between the heavy (industrial) sector, such as steel and petrochemicals and our manufacturing sector. In all of these something very significant could have been done. Government has not done this and this has not been due to the foreign policy of Mr Reagan and Mrs Margaret Thatcher, or the situation in South Africa. This has been a deliberate policy of the government, to build certain industries and neglect others.

**EXPRESS:** Would you differ in any respect with the approach towards Caricom?

A: The NAR would be much more supportive of Caricom. We regard, you see, the Caribbean area, not as a matter of convenience, but as an essential base for our launching into the markets in the regions of the outside world so that the Caricom market and our Caricom neighbours, the Caricom region, are of great value to us and we think our influence can be very positive and much more positive indeed in the Caricom region.

We think that our relations would be much improved with our Caricom neighbours and that they be, rather than at the moment where they look at us as being formerly wealthy associates who have squandered their wealth or who have been patronising towards them, they should regard us as genuine colleagues and partners in the process of the development of the region.

**EXPRESS:** This interview provides us with an opportunity. Is there any special message that you would like to give to the nation today, in the middle of this holiday?

A: My special message to the nation would be one of hope in spite of all the disappointments that we have had and in spite of what appears to be an immediate bleak future. I think that this nation still has the human resources and the creative talents to come to grips with the situation in which we are. All we need is a deepened commitment to work together in order to promote the good and the welfare of all of us and I have no doubt whatever that we can summon up the necessary will in order to provide our people with the inspiration which would enable them to summon up the energies and resources to overcome the problems that we have. They are extremely difficult problems but they can be overcome and I feel confident that they will be overcome.

TRINIDAD AND TOBAGO

PAPER CALLS FOR GOVERNMENT ACTION AGAINST GUYANA

Port-of-Spain TRINIDAD GUARDIAN in English 31 Dec 85 p 6

[Editorial: "Time for Sanctions"]

[Excerpts]

THE promise of a new direction for Guyana after the death of Forbes Burnham on October 6 has already been blighted in less than three months. Regrettably, new President Desmond Hoyte has already shown himself to be no better than his unlamented predecessor.

Last week's deportation of Jesuit priest Fr. Patrick Connors after 21 years of service in Guyana, the denial of entry of Barbados Roman Catholic Bishop Anthony Dickson and the absurd searches of the homes of Guyanese religious leaders show the Guyanese Government at its worst.

All of this is directly related to the conduct of the December 9 election, which was seen by most observers as a case of deliberate and unpalatable fraud.

Meanwhile, the Government continues its campaign of harassment against the Catholic Standard and its editor Fr. Andrew Morrison. Press freedom does not exist in any real sense in Guyana and politically the country has gone quite out of tune with the democratic life of the English-speaking Caribbean.

There are other innovations in the Co-operative Republic that must seem repulsive to the rest of the region, such as a president who is virtually above the law and military leaders swearing allegiance to a political party and not to the state.

The governments and peoples of the Caricom region cannot continue to turn a blind eye to what is going on in Guyana. Opposition Senator Sahadeo Basdeo is correct in the view that it would be quite inconsistent for us to be agitating against the South African regime while ignoring the flagrant violation of human rights in a neighbouring country with which we are committed to integrate.

SANCTION

Democratic freedoms and human rights are being crushed in Guyana. What are we doing about it?

Only St. Vincent leader James Mitchell has had the courage and candour to speak out against such abuses, while Dominica's Eugenia Charles has said she will not set foot in that country.

We believe there is a growing popular disgust with Guyana that our Government would do well to heed. Dr. Basdeo's suggestion that we should start thinking about imposing some kind of sanction on the Hoyte regime is worth considering.

For a start, Caricom states should think of removing the Secretariat from Georgetown as its host country no longer reflects the democratic spirit of the region. Also, it may now be fitting and feasible to restart the Multilateral Clearing Facility, but Guyana should be excluded until it is able to wipe out a major part of its indebtedness.

/6091

CSO: 3298/266

3 February 1986

## TRINIDAD AND TOBAGO

## PAPER CALLS MINISTER OF SECURITY 'NON-ACHIEVER OF YEAR'

Port-of-Spain SUNDAY GUARDIAN in English 22 Dec 85 p 10

[Article by George Harvey: "Non-Achiever 1985, Overand Padmore, Minister of National Security: He Has Failed in His Job To Secure the Country; Crime on the Rise, Indiscipline Among Police, Coast Guard Immobilized, Drug Smuggling Unchecked"]

[Excerpts]

IT WAS no easy task. Candidates were numerous in the showdown for the title of NON-ACHIEVER OF THE YEAR (1985).

A front-runner was the mayor of the beleaguered capital city of Port-of-Spain, Stevenson Sarjeant. It has been a nightmarish year for him that he certainly will like to forget.

[Details of Sarjeant's actions omitted.]

The impressive file by the mayor has in no way diminished the non-accomplishments of Minister of Works, Drainage and Maintenance, Hugh Francis, in vying for the title.

His Drainage Awareness Week publicity stunt was later washed away by the ravaging December flood waters that cut off North Trinidad from South. Immobilised traffic, damaged homes and ruined farmers and farmlands, were the result.

An act of God... a natural disaster, he moaned. I agree totally. God is not sleeping and took vengeance for the fooling and mamaguying drainage and anti-flooding plans expounded — but yet to be implemented — by the bearded Ministers and his expensive (\$500-plus million a year) Ministry.

Minister Francis was not to be taken lightly as a contender displaying usual form.

The Bible-quoting Minister did achieve in an amazing cosmetic way in 1985. He gave us busy Wrightson Road in downtown Port-of-Spain to practise mine-field driving.

So who beat out Sarjeant and Francis for the NON-ACHIEVER OF THE YEAR title? Read on.

YES, it was a tough decision — but the title goes to National Security Minister Overand Padmore. Articulate Padmore has been busy scoring political points in parliamentary debates and charming party faithfuls at constituency and group sessions with his eloquence.

But the job he is paid for is securing the state from within and without.

Do you feel safe in your home or on the streets? Are you satisfied with the performance of the police in the midst of the current crime wave? Is the Coast Guard on the alert and securing our shores against gun-runners, drug-smugglers and poaching fishermen?

Anyone answering yes to even one of the questions is a complete stranger to the truth. Evidence of insecurity and fear is strikingly visible with householders living in burglar-proofed jails and private security guards cluttering up business places.

Window-shopping and moonlight strolls are literally dying pastimes with violent dope-crazed muggers on the loose.

Indiscipline and discourtesy haunt the Police Service. Minister Padmore explains away unbecoming behaviour towards the public by police officers as part of a societal problem that is found among other public servants and in private enterprise.

The situation in the Police Service is but part of the various problems of departments and services that should be the concern of the minister.

Coast Guard boats scarcely leave port on patrol for various reasons. Local fishermen complain regularly of not seeing their navy around

while braving the waters and dodging the neighbourhoodly Venezuelan Coast Guards. Coast Guard boats remain at home immobilised for lack of parts. The only time the Coast Guard seems to come alive is escorting beauty queens.

The undermanned and under-equipped Immigration Department has legally and illegally-landed Latin American prostitutes to add to its normal worries.

## ENGINEERS

Insurance companies are worried about the Fire Services which has a knack for containing rather than really "putting out" fires.

The army does exercises and guard duty and launches sporadic assaults on the public. Its engineering corps does some bridge repairs and turns out in emergencies. But the skills of the soldiers are best exhibited as members of the national soccer champions Defence Force.

A few years ago a Frenchman with police in pursuit ran with his child, taken from the mother's home, through the streets of Port-of-Spain. One of the abductors was killed — but when next heard of the father and son were in France. Security gone haywire.

Nothing has really changed security-wise since then. Earlier this month two Englishmen on fraud charges slipped out of Trinidad although their passports were impounded.

The islands of Trinidad and Tobago are virtual open-houses for the entry of the good, the bad and the ungodly. The cocaine link from Venezuela has been established firmly — yet seizures at sea do not take place.

The task of rounding up what's left from the hordes of snorters, cocaine pushers and smokers is left mainly for the under-equipped miniature Police Narcotics Squad.

Padmore is infamous for the fancy foot-work of his mouth. He revels in phrases like "what is perceived" rather than with what is actually happening or what's being done.

The minister subsidises on glib answers and playing with crime statistics to make murder and mayhem more palatable and acceptable to a besieged community.

It came out easily when I recently asked him at a function about the lack of a cohesive anti-drug law enforcement body and the ease with which cocaine enters through our sea lanes.

He replied that "It is not a matter of drugs alone. You have got to think of the whole on a broader perspective as it relates to fishing and other matters." You understand. Not a word from his lips about what is being done or what actions is planned to stem the drug tide.

What tipped the scales in favour of Padmore in his capacity of Minister of National Security to be the NON-ACHIEVER OF THE YEAR?

It had to do with the December floods. It highlighted the non-effectiveness and non-readiness of the National Emergency Relief Organisation (NERO), which fiddled while the flood waters raged.

NERO is really a reactionary organisation with no real pre-planning on what's to be done in an emergency. It reacts slowly and unconvincingly. That's why the then acting Prime Minister, Kamaluddin Mohammed, came up with the bright idea of beefing up NERO — after the great deluge.

Jeopardy of the state to incursions from outside elements manifested itself with the surfacing two weeks ago of the South Korean trawler, "M/V Rahib No. 1". The vessel was sighted by AMOCO Trinidad Oil Company workers drifting off Point Galeota. No one was aboard.

It turned out, that the trawler, as reported by the shipping agent, had been stolen from Morocco in Africa thousands of miles away from Trinidad. Three men were said to be abroad. What is frightening security-wise is that it was only after AMOCO personnel reported the sighting that the Coast Guard came into the picture.

## BLACKOUT

Now this would have been normal, except that immigration authorities had packed up one week earlier two crew members on shore who told them they had been put off the vessel by the captain in the Gulf of Paria and landed at Couva.

You ask yourself what were the naval people doing about tracing the vessel during the one-week interim. Remember that both the Immigration Department and the Coast Guard are under the ambit of the Ministry of National Security, headed by Padmore. So it should have been no big thing in locating the trawler, in our waters. Is there a communication black-out within the ministry?

Let us imagine that the trawler had been transporting insurrectionists or saboteurs... well it would have been the near-by off-shore oil installations or the Government to catch.

It is still not yet known what happened to the captain. But it would have been no big thing for him to come ashore with or without official clearance, though passports for ten crew members were found aboard.

The easy entry by sea has been bothering the police who have arrested Venezuelans with false passports on shore for possession of cocaine. So there is no doubt that the security or insecurity of the state is wide for exploitation and is being exploited.

Well it can be argued that it is unfair to place the burden of ministerial under-performance on Padmore's shoulders, he having assumed the portfolio in April this year from the now Minister of Labour, John Donaldson.

He cannot get away so easily. It doesn't take a million years to perform. Energetic Errol Mahabir picked up the fumbled Foreign Ministry ball in April from ex-athlete Basil Ince and has been running with it since.

Do you know where your friendly policeman is? Can you find a village, town, neighbourhood or fete where a dope pusher is not operating? Do you think it is reasonably safe to relax in your home or walk the streets without being molested? Can you see a traffic policeman untangling the mess of vehicles in the city after 4 p.m.?

Until you do, just blame a Minister. His name is Overand Padmore — NON-ACHIEVER OF THE YEAR.

3 February 1986

## TRINIDAD AND TOBAGO

## POLICE, COAST GUARD FIND WEAPONS IN PORT CONTAINER

Port-of-Spain TRINIDAD GUARDIAN in English 3 Jan 86 p 1

[Article by Gail Alexander]

[Text]

A TEAM of policemen assisted by the Coast Guard sealed off the Container Terminal at the Port in Port-of-Spain yesterday following the discovery of guns — Magnum .38 pistols and snub-nosed guns in a container of grapes on Sunday.

Police and the Coast Guard contingent spent most of yesterday searching five other containers containing fruit, which had come in the same consignment, to see whether more weapons were hidden in them.

Up to 6 p.m. yesterday they had only completed searching through two, however, and had put the entire container section under heavy surveillance, according to reports.

Police refused to comment on the matter except to confirm that guns had indeed been found in the containers.

The six containers arrived in Trinidad on December 20 aboard the "Caribbean Victory" from Florida. They had been consigned to a Barataria fruit dealer and an associate, but to date have not been claimed by either person.

The guns were discovered on Sunday when one of the containers was broken into. Port personnel were on hand to apprehend the man who did it immediately. When caught the man was found in possession of a quantity of grapes which were part of the container's cargo.

Port workers were attempting to put the grapes back into the container and close it properly when they discovered Magnum .38 pistols and snub-nosed .38 guns inside, carefully

hidden under layers of grape containers. However it is understood that an empty container was found on the Port two weeks ago, and this has been linked to Sunday's discovery of the other six.

Both Port and Customs officials were notified of the discovery immediately.

Police arrived on the scene on Monday and kept the area under scrutiny on Old Year's Day as well. However, they set to work to begin searching through the other five containers yesterday to check their contents.

The entire Container Terminal was sealed off from early morning and the operation continued until 7 p.m. last night. The search team, under Supt. David Jack, is expected to continue today.

Port personnel expressed surprise at the find, especially, they said, "since the container had been sitting there since December." It was now entirely a police matter, they added.

It is understood that the containers have remained unclaimed because the importer said they arrived too late for the season and would have been unsold.

Two men were being questioned about the matter.

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TRINIDAD AND TOBAGO

AIRPORT SECURITY UNDER SCRUTINY AFTER BOMB SCARES

Piarco Flight Delays

Port-of-Spain EXPRESS in English 7 Jan 86 p 1

[Article by Omatie Lyder]

[Text]

**PIARCO International Airport was closed for about two hours yesterday because of two bomb scares by a "lunatic."**

And the Airports Authority is conducting a full investigation into how this man got past security unto the runway, riding a motor bike, without being seen by security, and also to what extent incoming flights were affected by this action.

As a result of the closure of the airport from 2 p.m. to 4.40 p.m., two BWIA flights to Toronto and Guyana respectively had to abort their take off from Piarco at about 2 p.m. A source at the airport also, told the EXPRESS yesterday that an incoming light aircraft had to be turned back to Tobago and an American Airlines flight diverted to Barbados to await landing instructions.

General Manager of the Airports Authority Oswin Moore informed the EXPRESS that about 2 p.m. yesterday, a "mentally deranged" man managed to get past the airport's security and rode unto the runway on a motor bike.

At this point, a BWIA tri-star (BW 602 to Toronto), which was at the beginning of the runway, was preparing for take off but the man was seen by the pilot who aborted the take off.

Security officers pursued the man and apprehended him. The man, according to Moore, told the security officers that he saw the aircraft looking as though there was a bomb aboard and was trying to prevent it from taking off.

Moore said the man also pointed to another aircraft, a DC-9 (BW 463) bound for Guyana, and said there was a

bomb aboard this aircraft also. As a result, this flight was also aborted and both aircraft were pulled off the runway and positioned on the north side to be searched.

The tri-star was completely searched at about 4.30 p.m. and took off for Toronto at about 4.40 p.m. Moore said that although the man was ascertained to be mentally deranged and was being treated at the St Ann's Hospital, BWIA did not want to take any chances and the aircraft was searched.

The DC-9 bound for Guyana was to be searched yesterday also. However, Moore was yet to get a report on how incoming flights were affected when contacted yesterday.

Moore was also unable to say whether the man got past the gate or broke a fence to enter the runway.

After the ordeal yesterday, the man was taken to the Port of Spain General Hospital where he was treated.

An eyewitness told the EXPRESS yesterday that the man "caused havoc and was riding under the aircraft."

## Security Chief's Reaction

Port-of-Spain TRINIDAD GUARDIAN in English 8 Jan 86 pp 1, 18

[Article by Jerry Johnson]

[Text] The Chief Security Office at Piarco International Airport yesterday recommended the dismissal of a security guard after he left his post unmanned allowing a psychiatric outpatient to enter and perform his escapades on the runway.

In a scenario that could be extracted out of some spy thriller, a security guard on Monday left the gate at the Bel Air entrance unlocked to go to the gents room 20-25 feet away at around 1.30 p.m. When the guard returned, according to Osmond Kerr, Chief of Security, he said everything seemed normal.

But at around 2.15 p.m., 30-year-old Brian Antoine, of 22, Sandhurst Street, Belmont, a psychiatric outpatient of the Port-of-Spain General Hospital, scooted on to the runway, helmeted, and on his motorbike, to wreak havoc with takeoffs and landings at the airport.

Antoine was held on the "air side" of the runway when, in a concerted effort, guards confronted him in a motorcar and he stopped. Mr. Kerr said he did not call in the police but kept them informed.

The Chief of Security proceeded to call the psychiatric unit at the Port-of-Spain General Hospital and a doctor, whom he refused to identify, said the man was an outpatient. The doctor, Mr. Kerr said, told him to send Antoine to the hospital where he would be admitted and treated. Up to yesterday morning, Mr. Kerr said, Antoine was still there.

The security guard concerned had a radio which he could have used to call

for relief but he did not. Mr. Kerr said that was strictly negligence to leave the post unmanned and recommended at the Ministry of Public Utilities and National Transportation that the guard be fired.

Mr. Kerr, however, refused to identify the guard who he said worked at the Airport for two years without record of negligence. He did say though, he would inform the Commissioner of Police to ensure that the guard never worked security again.

When asked whether the gates are usually locked and, if so, why did the guard not locked the gate when he abandoned it, Mr. Kerr answered that the key was broken in the lock earlier by another guard.

But the fact that Antoine was left to roam the airport compound after gaining entrance raised the serious question of how efficient is airport security, especially in view of the Cuban disasters, the Curacao hijacking and recent bombings in Rome and Vienna.

Mr. Ossie Moore, General Manager of the Airport, said security there is comparable with international standards otherwise international airlines would not use Piarco.

"Security is not all it can be. It can never be 100 per cent," Mr. Moore said. "It would be too cumbersome. Take the Israeli El Al. It takes four hours to do security checks. Machinery here is fine. The only thing not up to scratch is the mind that goes with the machinery."

He said guards received nine weeks' training at the Police Training School followed by continuous training in traffic, protocol and court duties.

Audio-visuals are shown to the guards telling them what to look for in plastic explosives, and how and when to do a body search. He said, however, it will be sometime before they are equipped with the knowledge of these techniques.

But the man who came under intense scrutiny was the Security Chief himself, Mr. Kerr, who retired from the Police Service as a Senior Superintendent after 30 years' service. Mr. Kerr's experience in airport security spans a two-week course in Bath, England, followed by a couple others in Curacao and Trinidad and Tobago.

Mr. Moore, however, again defended his Chief of Security saying that his background in police work and the continuing training were enough.

## Security Costs

Port-of-Spain EXPRESS in English 9 Jan 86 p 4

[Text]

SECURITY had not been an important consideration in the design of Piarco International Airport. As a result, it made security at the facility difficult and costly.

General Manager of the Airports Authority of Trinidad and Tobago Oswin Moore, in ex-

plaining this position, said an airport designed with security in mind would not have had so many gates.

Moore was speaking at a press conference at the Authority's Piarco Road headquarters on Tuesday. AATT had called the conference to explain the circumstances surrounding the

intrusion onto the airport runway by a "lunatic" on a motor bicycle last Monday.

The incident caused the airport to be shut down for two hours and disrupted air traffic into and out of Trinidad.

Moore said that there were over 200 security officers at the airport and that costs relating to security accounted for a significant percentage of total expenditure.

He further added that \$2 million had been voted in 1985 to upgrade security at the airport,

which had been used, he said, to bring in some of the latest security.

He added that international airlines would not otherwise use the airport. He felt that the security officers were adequately trained for the tasks they had to perform but he added that the high capital costs involved in training techniques to combat terrorism made it unwarranted in such a small country.

"We feel," said Moore "that enough effort has been made to ensure that people do not get into unauthorised areas."

/9274

CSO: 3298/276



TRINIDAD AND TOBAGO

1984 FIGURES SHOW DECLINE IN TOURIST ARRIVALS

Port-of-Spain EXPRESS in English 31 Dec 85 p 7

[Text]

FOREIGN visitors, in 1984, spent almost \$475 million in this country. This meant a decrease of 3.8 per cent, as compared with 1983. By mid-1985, expenditure amounted to \$93.3 million.

Trinidad and Tobago's share of the international tourism market continued to decline during 1985. There was a decline of 1.5 per cent in visitor arrivals during the first six months of 1985. A little over 93,000 visitors came to Trinidad up to June this year.

Cruise tourism is one side to the industry that the government hopes to see improved. Negotiations with shipping companies (mostly in the U.S.) seem to be paying off, as between October last year and April 1986, a total of 59 cruise ships should call at Trinidad and Tobago.

Cruise tourism began sliding after 1981. Arrivals fell sharply from 18,797 in 1983 to 6,650 in 1984. There was an improvement for the first half of 1985, a 22 per cent increase over the first six months of 1984, although this figure represented a mere 14 per cent of the total registered for the same period in 1977.

The government estimates that visitor arrivals should increase by 200,000 and 300,000 once its plans, such as the development of hotels, beaches and historical sites, are through.

The Tourist Board has been developing beach facilities at Manzanilla, Vessigny and Maracas Bay. The sum of \$618,000 was allocated to this project in 1985. The Diego Martin Water Wheel Site Museum and the Pitch Lake Site Museum became operational last year and the Gasparee Caves, closed since 1983 was re-opened.

The Craft Market Programme, designed to boost the cottage industry, is also part of the tourism thrust. (A series of exhibitions was held throughout the country, arranged by the Development Finance Corporation and the Ministry of Local Government and Community Development.)

Despite the slump in visitor arrivals, hoteliers' and the Tourist Board's promotional drive contributed to an 8.2 per cent in the number of hotel holiday makers during the first half of 1985. And, the rate of room occupancy, after declining by 10 per cent in the two previous years, climbed by 5 per cent during the first six months of 1985.

The month of February was the best for hotels. Occupancy went up by 7.1 per cent as compared with the previous year.

Grants for refurbishing 16 hotels (under the Hotel Industry Financial Assistance Fund) totalled \$3.7 million at the end of October 1985. Additional grants to the order of \$2.1 million, were to be made between November and December.

/6091

CSO: 3298/266

TRINIDAD AND TOBAGO

CANE FARMERS CALL FOR PROMISED DISTRIBUTION OF LAND

Port-of-Spain TRINIDAD GUARDIAN in English 20 Dec 85 p 6

[Article by Mikey Mahabir]

[Text] San Fernando--Cane farmers are calling on the authorities to start distributing the 5,000 acres of land to them, as announced in the 1984 Budget Speech by Prime Minister George Chambers.

Mr Seepersad Arjoonsingh, chairman of Trinidad Island-wide Cane Farmers Association (TICFA), said yesterday:

"Since the farmers have been called upon to produce 50 per cent of the canes grown, it is important that we get the lands now to prepare for planting around mid-1986."

"What is the delay in distributing the lands?" he asked. He said that although the association held discussions with State-owned Caroni (1975) Limited on the matter, the lands have not been given out.

Mr. Arjoonsingh pointed out that Caroni was given the responsibility to distribute the lands.

Contacted on the matter, a company official said that Caroni held discussions with both farmers' organisations--TICFA and National Farmers' and Workers Union, following which a plan for distribution of the land was worked out and submitted to the Ministry of State Enterprises for study and approval.

"We are still awaiting word from the ministry," said the official yesterday.

Details of the plan were not revealed. However, it is understood that farmers over the age of 55 years will not be considered. Further, farmers will have to prove that they live solely by cane farming and have their own machinery and must have an input into the industry.

Those were only some of the information they must supply to the authorities.

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CSO: 3298/266

TRINIDAD AND TOBAGO

TOBAGO MP DETAILS OBJECTIONS TO VENEZUELA FISHING PACT

Port-of-Spain SUNDAY GUARDIAN in English 22 Dec 85 pp 6, 31

[Text]

THE people of Tobago are greatly dissatisfied at the November 26 fishing agreement which the Government signed with Venezuela, largely because it is totally silent on the subject of Tobago's fishing waters. Minister of External Affairs, Errol Mahabir, in a statement to Parliament on November 29, said officials of both countries, i.e. Trinidad and Tobago and Venezuela, had sought "to achieve the best possible terms for their fishing communities in the interest of general socio-economic cooperation between Trinidad and Tobago and Venezuela."

However, while the agreement will hopefully serve the interests of fishermen in the waters around the island of Trinidad, the waters around Tobago, it is feared, are left to be exploited and even destroyed by foreign interests.

Tobagonians believe this because where the island is concerned the agreement is very silent. The waters around, rich in flying fish, dolphin, king fish, snapper, sail fish, etc., are not even mentioned in the agreement. It was Mahabir who mentioned Tobago waters in his statement when he observed that one of the salient points of the agreement was "the exclusion of the waters surrounding the island of Tobago from the agreement and the reserving of these areas for Tobago fishermen."

But how are these waters to be reserved? By what laws? What written agreements? What the Minister of External Affairs states in Parliament is not an agreement binding on anybody. It is not a law which anyone is required to observe and it is this that is worrying the people of Tobago.

One of Tobago's two parliamentary representatives, Ms. Pamela Nicholson, said last week the reference to Tobago by Mahabir was too vague. The agreement, she insists,

should have stated most explicitly and emphatically that "you cannot go into Tobago waters and fish as you please."

And this, she states, is exactly what has been going on for quite some time with devastating results for the marine life off Tobago.

#### FISHERMEN

The exclusion of Tobago's waters from the agreement, however, came as no surprise to her since she said no Tobago representative had been invited to either discuss or participate in the negotiations or even to offer advice. And in the meantime all sorts of exploitation was taking place off Tobago.

According to Ms. Nicholson, it is nonsense for Mahabir to talk about preserving Tobago waters for Tobago fishermen when there are no laws to do so. She spoke about the incursions by Barbadian fishermen:

"While we want to see Caricom survive, we have to protect our in-

terests. Barbados fishermen greedily destroyed their flying fish banks at home and are now in Tobago waters doing exactly the same thing, and we can't stop them. They have 50-ft boats, large trawlers capable of staying off Crown Point for five days at a time. They are operating like the Japanese and have clearly decided to make fishing an important part of their industrial development. They don't care if they destroy all our banks, and if you fish in the spawning period you do destroy the banks."

The Tobago House of Assembly, she said, was keen to develop the fishing industry, but was getting no support from the Government which did not have a clue how to diversify.

"Tobago fishermen with their small pirogues are no match for these large trawlers."

If Barbados wants our fish, let us catch the fish and sell it to them. It would stimulate our economy," she said.

Rep. Nicholson said the time had come for a

serious approach to the fishing industry, requiring support from the Agricultural Development Bank, the Development Finance Company, the Cooperative Division.

Processing was an important and obvious follow-through with bases at Charlotteville or Man-o-War Bay. So far, however, she said, the approach to fishing had been a very casual one.

#### BARBADOS

She said the Tobago House of Assembly had been refused money by Government to rent an available building for processing fish, mainly because it was the intention of the Central Government to keep Tobago in a dependent state.

She calculated that with a serious approach there was at least \$80 million to be made from flying fish alone in a period of two years.

"If you develop the fishing industry," she said, "you can make far more money than you make from the chicken

industry, 90 per cent of which goes in foreign exchange. With fish we could build our own boats, make our own nets and only have to import the engines."

She said the Prime Minister and Government officials were going all over Asia but were not really seeing what was going on and she quoted the example of what Japan had done with fishing.

But before any or all of this happened, she argued, Trinidad and Tobago needed to have laws to protect its waters. "We have a 12-mile limit, but what does it mean? Venezuela has clear laws about where, how and how much you can fish and they have these laws in addition to any agree-

ment. But then they are really conserving and preserving their fishing resources. If we catch a foreign fisherman in our waters we have no law against which action can be taken against him. On the other hand, Trinidad fishermen who break the law are immediately prosecuted by the Venezuelans. The fact is they have the laws while we do not. A pact or agreement is of little use without laws to back it up."

By excluding Tobago waters from any clear-cut statement in the agreement, the Trinidad and Tobago Government, Ms. Nicholson concluded, had effectively seceded Tobago.

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CSO: 3298/266

3 February 1986

## TRINIDAD AND TOBAGO

## FISHERMEN IDLE; VENEZUELAN RATIFICATION OF PACT SLOW

## Fishermen's Complaints

Port-of-Spain EXPRESS in English 8 Jan 86 p 32

[Article by Harry Partap]

[Text]

THE fishing industry on the southwestern peninsula is at a standstill as fishermen await the distribution of the fishing permits guaranteed under the new fishing agreement signed between this country and Venezuela last November.

Up to yesterday, fishing boats were tied up on the beaches at Bonasse Village, Fullerton and Icacos because fishermen fear persecution by the Venezuelans should they venture out without the official passes.

Said a spokesman for the distraught fishermen: "We are idle without money and income. Our boats are ready but the passes have not yet been delivered. We must wait and pray that those who rule in Port of Spain will at least remember us and

send the permits."

The situation was desperate, said one boat-owner, who did not wish to be identified. He explained that the fishermen depended on the industry for a living.

Said he: "Without the permits, we could have a bleak beginning of the New Year." No reason had yet been given by the Ministry of Agriculture, Lands and Food Production or the Ministry of External Affairs for the delay in delivering the permits.

However, a spokesman at the fisheries division of the Ministry of Agriculture told the EXPRESS San Fernando Desk that the permits were being processed but he could not give a time frame for distribution.

Cedros/Icacos fishermen urged Government to issue the 60 fishing permits on an annual rotation basis so that the

300 or more boat-owners would get an opportunity to fish before the agreement expires.

The spokesman told the EXPRESS San Fernando Desk that since 1977 the 60 permits were issued to only one set of boat-owners while the others had to risk persecution in the Gulf. The fishermen demanded a rotation of the permits.

Said the spokesman: "In this way all the boat-owners will at least get a chance to fish in peace."

The spokesman said that the fishing agreement between Venezuela and this country was signed about two months ago yet the fishing permits were not issued. It was explained that two months of the shrimping season had expired. The shrimping season would end in June, the spokesman said.

The fishermen have called on the Ministry of Agriculture to carry out a survey in the Cedros/I-cacos area to determine all bona fide fishermen. They argued that the passes be rotated among fishermen, "who actually fished for a living."

Said the spokesman: "In the past, we have had people who fished as a sideline, but received permits merely because they knew their way around. We are only fishermen and that is our job. All we are asking is that the passes be shared among real fishermen, that is, those who earn a living by fishing."

### Plans for Interim Permits

Port-of-Spain TRINIDAD GUARDIAN in English 9 Jan 86 p 1

[Article by Clewon Raphael]

[Excerpts]

GOVERNMENT officials of Trinidad and Tobago and Venezuela are finalising a provisional agreement which will allow fishermen from both countries to operate immediately before the Venezuelan Congress formally ratifies the new fishing accord between the two republics.

Delay by the Venezuelan parliament in ratifying the two-year agreement which was signed in Port-of-Spain on November 26, 1985, is preventing local fishermen from operating, and is causing them serious financial hardships.

In an interview yesterday, the Venezuelan Ambassador to Trinidad and Tobago, Mrs. Maria Clemencia Lopez-Jiminez, explained provisions of the agreement which could be extended for a third year. She said:

"Why the agreement has not yet been ratified is simply because the last session of Congress was held on December 20, 1985, and there was no time for the agreement to reach before that time.

"The next session starts in March, and we all know that will be too long to have the fishermen wait to conduct their operations. We are negotiating to have a provisional agreement which will soon come into force."

She continued:

"Additionally your fishermen can enter our territorial waters at any

point while the Venezuelans would be allowed to fish from a distance of two miles north in Trinidad and Tobago waters."

Mrs. Lopez-Jiminez saw no problem in the local fishermen being rotated, but at no time would there be more than 60 permit holders as stipulated in the agreement. But this was a matter for the Trinidad and Tobago authorities, she said.

Another new feature of the agreement is that for the first time Venezuelan fishermen would be allowed to fish off Trinidad's East Coast.

When asked whether she was optimistic that hostilities between local fishermen and the Venezuelan Coast Guard would cease as a result of the new pact, Mrs. Lopez-Jiminez replied:

"What I believe happened in the past was that the military personnel, anxious to do a proper job, probably forgot the human element that was involved in that fishermen were concerned about making a living.

"The Coast Guards of both countries have been explained the terms and conditions of the agreement and we have also been speaking with them about the human element that is involved.

"I am happy that the agreement could be implemented at this time when we are in the midst of the fishing season and it must be stressed that we have the interest of all the fishermen concerned uppermost in the implementation of this agreement."

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TRINIDAD AND TOBAGO

MORE CRITICISM VOICED OF CHAMBERS' PROPOSED BUDGET

Overestimation of Revenue

Port-of-Spain TRINIDAD GUARDIAN in English 1 Jan 86 p 1

[Text]

**THERE** has been a serious over-estimation of Government revenue in the 1986 Budget, and the whole exercise can be termed farcical and misleading, according to Independent Senator Alwyn Chow.

Speaking in the Senate debate on the Budget on Monday night Senator Chow argued that the 1986 estimate of purchase taxes expected was out of line by at least \$60 million, and the National Insurance surcharge estimate was wrong by \$12 million at least.

This was part of a trend seen by Senator Chow in the 1985 Budget, when the revised estimates of purchase taxes fell to \$312 million, far below the 1985 Budget estimate.

"After we take devaluation into account, the revenue estimates for the Budget can be as far wrong as \$1 billion," he noted.

Senator Chow predicted that people would find life increasingly difficult in 1986 and they would have to draw down on their savings. Evidence of this was already visible in 1985, when the only buoyant item of revenue was the tax on surrender value of insurance policies. This was the only revenue estimate that yielded more than expected in 1985, he observed.

**A Warning Sign**

The reason for this was that people were cashing in their insurance policies with a surrender value, something normally put aside for the future, to get money to live. This was a dangerous warning sign, he added.

He said he was surprised to see that no provision was made for paying salary increase and backpay to public servants. This he suspected to be an omission.

His analytical eye also fell on funds set aside for long-

term development, and he charged that a large part of these funds was nothing more than recurrent expenditure.

When this was added to the other estimates of expenditure all together far exceeded recurrent revenue. It meant that Government was planning to spend more money than it could get.

From a negative balance of \$277 million in 1984, the Consolidated Fund now had a negative balance of over \$1 billion. In the exchequer account there was a clerical error, in which a negative balance of \$1,089 million was missing the brackets and was being read as a positive balance. In 1984 this account had a negative balance of \$332 billion, he said.

"We have a situation that we have no money in the bank. It is certain to lead to economic bankruptcy if this trend continues. In very early 1986 Government will have to go somewhere to get quick cash for outstanding commitments," he added.

**Foreign Debt \$5.4 b**

As for the country's foreign debt, he saw it as \$3.6 billion after devaluation, and devaluated contingent liabilities as \$1.8 billion, making a total foreign debt of \$5.4 billion, or 25 per cent of GDP. At the end of 1986, the foreign debt would be anything like 32 per cent of GDP.

"I contend that we are dangerously overborrowed. We run the risk of joining those chronically overborrowed nations that have to keep on borrowing and can't get out, while living standards decline. "We are mortgaging our future to a policy of increasing foreign debt willy nilly," he warned.

He was unhappy over the 1985 pattern of borrowing long to finance short-term expenditure, while the funds borrowed were not being used for self-generating purposes.

The likely possibility was that the nation could be spending all the foreign exchange it hoped to earn simply paying foreign debts, all of it in a climate of fiscal irresponsibility.

He wanted to see large investments in oil during 1986, but asked that such money should be generated from within the industry and should not be borrowed.

3 February 1986

## OWTU Attack on Government

Port-of-Spain EXPRESS in English 4 Jan 86 p 20

[Text]

**PRESIDENT** of the Oilfields Workers Trade Union George Weekes has called for a united approach by all trade unions and the two labour federations to join in dialogue relative to the state of the economy and its effects on workers.

In a prepared statement on the 1986 Budget, Weekes noted that the executive of his union has expressed its concern about the deepening economic crisis in the country, which he said has been made worse by the measures announced by the Minister of Finance.

Said Weekes: "The state of the economy at the end of 1985, and the measures adopted in the 1986 Budget, are the direct and logical result of the failures of both the government and the private sector to utilise the oil boom dollars to reorganise the economy for the future."

Mr Weekes noted that unemployment rose from around 40,000 in 1981 to about 80,000 at the end of last year, and he said that youths were the worst hit. According to figures released by the union, one of five youths aged 20-24 and one out of three aged 15-19 are unemployed, while it has been estimated that about 75 per cent or roughly 8,000 youths of all school leavers in 1986 and 1987 will not find a job.

The union leader observed that output in nearly every sector of the economy has been lower than in previous years. Construction, manufacturing and agriculture have all had three or four years of consecutive reduction in

output while the oil industry, after declining outputs in 1982, 1983 and 1984, finally stabilised in 1985 after the Texaco takeover.

Said Weekes: "The above tells a story of a country with a serious economic problem, and as an organisation representing workers, we know what these have meant to our members and workers generally. It has meant retrenchment with thousands thrown on the breadline every year. It has meant that wage increases have been generally small and even these gains have been difficult and in some cases impossible to achieve.

"It has meant the tax man taking increasing bites out of pay packets thereby reducing the net disposable income of working people. In short, the real standard of living of the majority of the population has fallen over the past three years."

Weekes said that the 1986 Budget will make the situation worse and that the devaluation will bring the economy even further to the point of catastrophe. He charged that the devaluation has not been part of a concrete plan of action where the positive and negative effects were identified and quantified before hand.

Said Weekes: "Prices will rise drastically, thereby further worsening the real standard of living of working people and unemployment will increase since many companies will retrench because most of the goods they manufacture and, or sell, are imported.

## Robinson Complaint

Port-of-Spain EXPRESS in English 4 Jan 86 p 3

[Text]

**A.N.R. ROBINSON**, Chairman of the Tobago House of Assembly, has accused Prime Minister and Minister of Finance and Planning, George Chambers, of "a grave breach of his statutory obligation" which requires him to consult the Assembly on the national Budget.

At a meeting of the Assembly last week Friday, Robinson announced that the Budget had already been passed by the House of Representatives and was being debated in the Senate, and Chambers had not consulted the Assembly as he is required to do by the House of Assembly Act.

Section 21(1) of the Act states: "The Assembly shall formulate and implement policy on all matters referred to it by the Minister and the Minister of Finance shall consult the Assembly on matter of national importance such as the annual national budget, development projects, and the operation and use of the long-term funds as they relate to Tobago."

"No consultation on the Budget has taken place between the Minister of Finance and the House of Assembly," he told members. "I deem this to be a grave breach

of the statutory obligation requiring the Minister to consult the Assembly.

"I deem it a grave breach of faith to the people of Tobago which this honourable House represents. We shall consider this matter at an early stage and take appropriate action," he announced.

Later in the meeting, deputy chairman, Dr Jeff Davidson, complained that the Assembly was "in the red" as far as its recurrent expenditure for 1985 was concerned, since the Ministry of Finance had not released to the Assembly its full parliamentary allocations.

Calculations under the various heads of expenditure showed, he said, that the Assembly, at the rate funds are released by Government, would be short about \$4 million dollars in recurrent expenditure at the end of the year.

The situation was a serious one, he stressed, since it was from recurrent expenditure that salaries and wages were paid.

Davidson said that the situation for 1986 appeared "grim". It had been reported, he said, that some \$3.5 billion was added to the national Budget during the Committee stages of the discussion in the House of Representatives, arising out of the devaluation of the currency.



TRINIDAD AND TOBAGO

OWTU LEADER WEEKES CALLS FOR TRADE TIES WITH CUBA

Port-of-Spain EXPRESS in English 4 Jan 86 p 4

[Text]

**OILFIELDS Workers Trade Union President General George Weekes has called for the establishment of trading links with Cuba and socialist countries in an effort to end the discriminatory trade practices in this country.**

Weekes, in a New Year's Day message to oil workers, said that Government and businessmen should not be afraid to trade with Cuba. He said that Cuba was a "big country and there was need for greater interaction with other Caribbean countries."

Weekes pointed out that Cuba had been experiencing an economic growth.

Weekes said that 1985 was a disastrous year for the people of this country. He said that unemployment had risen to some 18 per cent, noting that this was an act of violence against the people of Trinidad and Tobago. He said that the 1986 Budget had proven the next year would be one of "tremendous difficulties." Said Weekes: "If we believe that

1985 was bad, then 1986 will be a volcano."

Said Weekes: "The signs are there for all to see, the cries of woes resulting from the Budget. The question of accountability, where you see a senator on the steps of the Hall of Justice seeking justice on the question of accountability, demonstrates to those who have eyes to see that we are heading for the tremendous explosion."

Weekes called on the Government, business sector and trade unions to join in honest dialogue to resolve the problems that will beset the nation in 1986. He said that there should be one big meeting somewhere in the country where economic and social matters should be discussed.

He said that he had written the Prime Minister outlining the suggestion and asked that he meet with the trade union movement to discuss the economic situation now facing the nation. Weekes said that the Government by itself could not solve the problems that beset us.

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CSO: 3298/276

TRINIDAD AND TOBAGO

PUBLIC RALLY TO MARK START OF NAR ELECTION CAMPAIGN

Port-of-Spain EXPRESS in English 8 Jan 86 p 32

[Article by Anthony Milne]

[Text]

THE date for the inauguration of the National Alliance for Reconstruction as a unitary party is expected to be announced at a public meeting in Woodford Square tomorrow evening when the party's election campaign will be kicked off.

Late February is the date mentioned for the final cementing of the opposition forces, which is to take place at a special party conference either at the Queen's Park Savannah or Chaguaramas.

This means that the four parties involved in the new alliance are to be merged officially into one and the individual units disbanded: there will, after this, be no more ONR, DAC, ULF, or Tapia.

The formalities can be completed during the special party conference in February.

NAR leader A.N.R. Robinson and deputy leaders Basdeo Panday and Karl Hudson-Phillips are expected to speak at tomorrow's public meeting. Also expected to appear on the platform is Senator Lin-

coln Myers, who is conducting a 40-day fast on the steps of the Hall of Justice in Port of Spain.

"Tomorrow's meeting will kick off the election campaign," NAR chairman Herbert Atwell told the EXPRESS yesterday. "An election plan has been drawn up and is expected to be presented to an NAR executive meeting this evening."

The new unitary nature of the party will, it is said, free up the process of the selection of candidates for constituencies and this may give the jitters to some old-stagers, more intent on local loyalty than the NAR party line.

"There are no safe seats within the party any more," as one spokesman put it.

A.N.R. Robinson, it is said, is contemplating asking civic-minded citizens who wish to be considered as constituency representatives to step forward.

Old party loyalties, including those of ONR members, will naturally be affected, but party members have been urged to accept the move as essential to national unity and the consolidation of opposition forces.

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TRINIDAD AND TOBAGO

BRIEFS

NAR COUNCIL--The 72-member Council of the National Alliance for Reconstruction, the party's governing body between conventions, is to be inaugurated at a special session at the Gulf City Auditorium, San Fernando, Saturday, January 18, at 7 p.m. Party Leader A. N. R. Robinson and deputy leaders Karl Hudson-Phillips and Basdeo Panday will speak. Friday, the National Committee of the ONR meets to formalise the appointment of the ONR's 36 representatives on the NAR Council. [Text] [Port-of-Spain EXPRESS in English 9 Jan 86 p 7] /9274

MAGISTRATES FOR TOBAGO--More than 20 murder inquests are still outstanding in the Tobago courts. These inquests are apart from a heavy backlog of cases which is plaguing all three courts in the island at Scarborough, Roxborough and Charlotteville. For this reason, legal practitioners in the sister isle welcomed the news that finally there will be two magistrates in Tobago. Magistrates Mahabir Sarwan and Dipchand Sawh are scheduled to pick up duty on Monday, replacing Anthony Mohipp. In addition to the fact that justice at the summary level was being delayed, because one man could not cope, the situation was also affecting adversely the practice of lawyers since it was taking an extraordinarily long time to have any contested matter concluded. There is another very important element in the new assignments, for it is a costly affair having a magistrate returning to Tobago, long after he has left, to complete part-heard cases, stressed a legal source yesterday. With two magistrates in Tobago from February, Friday will be declared a court day in Scarborough, and both Roxborough and Charlotteville will have more frequent sittings. [Excerpts] [Port-of-Spain EXPRESS in English 4 Jan 86 p 4] /9274

CHAMBERS TOUR--Prime Minister George Chambers, in his capacity as Political Leader of the People's National Movement (PNM), resumes his meet-the-party tour next Tuesday. He will meet officers and members of the Tunapuna constituency at the El Dorado Girls' Camp at 7 p.m. He will be accompanied by senior party officers. Following is the rest of the itinerary for this phase of the tour: Princes Town, Saturday January 18, St. Stephen's College, 3 p.m.; San Juan, Saturday January 25, Himalaya Club, 3 p.m.; St. Joseph, Tuesday January 28, Mt. Hope Junior Secondary School, 7 p.m. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 9 Jan 86 p 1] /9274

SUGAR WORKERS--Caroni (1975) Limited started the 1986 sugar crop yesterday with alabour problem at Brechin Castle factory. Workers complained about the introduction of a new shift system which they said would not guarantee them a

40-hour work week. The protest was short-lived. Officials of All Trinidad Sugar and General Workers' Trade Union and the company met and resolved the problem. Mr. Sam Maharaj, General Secretary, who led the union's team, said it was an administrative problem. The company did not organise operations at the factory following introduction of the new roster. He said there was no problem at Ste Madeleine factory where the new roster went into operation as agreed to by both parties. Mr. Maharaj said the company assured that the workers at Brechin Castle would not lose their guaranteed 40-hour work week and further agreed that steps would be taken to see that the new roster was implemented according to the agreement. A company spokesman confirmed that the dispute was settled. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 7 Jan 86 p 3] /9274

CSO: 3298/276

VENEZUELA

ALVAREZ PAZ DISCUSSES COPEI PRESIDENTIAL CANDIDACY

Caracas EL NACIONAL in Spanish 14 Nov 85 p D-19

[Article by Imperio Rodriguez]

[Text] In the face of what has been interpreted as the most explicit launching of the presidential candidacy of Eduardo Fernandez, based on his recent statements, his closest rival, Oswaldo Alvarez Paz, observes that "the time has come for the national Social Christian leadership to analyze the issue with all the required seriousness."

The recent statements by the secretary general of the COPEI to the effect that all ties have been loosened, the response from founding leader Rafael Caldera noting that Fernandez is bound only by his wife, and Fernandez' reply alluding to the Corsican origins of the wives of both, are comments received enthusiastically by Eduardo's supporters, who see this exchange as Fernandez' decision to define his presidential candidacy once and for all.

The first response we obtained from Alvarez Paz concerning such comments, originating in the same green tent and picked up by this reporter, was very institutional.

"The situation in the COPEI is tending to return to normal. The maturity, wisdom and experience we have accumulated among our leaders throughout so many years of struggle should lead us to the conclusion that only thanks to a great and united effort will we be able to compete with any possibility of success in 1988."

He recalled that the COPEI National Committee, "with very good judgment," resolved to postpone the debate on the presidential candidacy, which was not an extemporaneous decision. Nor does it mean that the issue is not talked about, but rather, it forces leaders into the healthy limitation of abstaining from proselytizing work aimed at controlling decisions or organizations having to do with the decision on the candidacy.

He believes that to the extent to which this is done, there will be no major problems and in addition, the possibilities of external growth and projection on the part of the COPEI will not be limited as they would be if the leaders, "failing to heed the decision of the National Committee, should immediately embark upon an internal party campaign."

"In the latest public expressions of Eduardo Fernandez, do you see an explicit launching of his presidential candidacy? Furthermore, 'Eduardism' has been interpreted thusly because others see it as a 'cordial separation' of the founding leader, especially if he is not bound."

"Those are interpretations of which I want no part, nor will I echo them. I do not believe that in the COPEI, anyone is happy over an alleged or real separation of the head of the party such as Rafael Caldera. I believe that if there are comrades who think -- as some obviously do -- that what the COPEI should do is to openly engage in the fight for the presidential candidacy. But it is in the national leadership where these proposals should be made so that they might be processed with the calmness that the issue merits and without the tension that might characterize the position of those who anticipate events. These comrades should bear one thing in mind and stick by it in order to avoid trauma in the immediate future: If Rafael Caldera is not the party's candidate, then there will be a plurality of aspirations."

"In that case," he added, "it will be at the presidential congress or through the mechanism adopted, whether the primary elections or the electoral colleges or whatever, that the candidate will be chosen. It is even possible that there may be some different candidacy assuming that Caldera runs."

"Has the secretary general launched his candidacy, judging by his statements?"

"I have not seen that, at least not directly or openly. But it is undeniable that there are comrades who devote a large share of their time and the resources which the party has placed in their hands in order to force it. The time has come for the national leadership to analyze the point with all the required seriousness."

"What must they decide?"

"They must determine when the candidate should be elected and establish the rules. It is that simple."

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VENEZUELA

PEREZ' STRATEGY AIMED AT SECURING NOMINATION

Caracas ZETA in Spanish 21 Nov-2 Dec 85 pp 10-12

[Text] The first step in the internal process of the Democratic Action (AD), a process that will climax in mid December with the National Convention, when new national party figures will be chosen, will take place on Sunday in the midst of noticeable tension caused, not by any special expectations regarding the results -- which have no more than isolated surprises -- but rather, by the effect that these results will have and the reactions they will provoke.

Although the two distinct factions have made efforts to deny the scope of the results of this municipal election, public opinion can see that what is at stake is perhaps the next 15 years in Venezuela. The source of this concern is the effect that Sunday's results will have on the presidential aspirations of Carlos Andres Perez (CAP), which involve all kinds of problems, not only national, as one can see from the interview between President Lusinchi and American Vice President Bush, backer of the hard line in Central America and the Caribbean. That line views Carlos Andres Perez as an obstacle that should not be magnified through the added cover of the Venezuelan presidential seal.

CAP's Retreat

There is no doubt about the overall results of the process that will complete the municipal phase on Sunday. Manuel Penalver and Luis Alfaro Ucero will easily dominate the scene from now until the National Convention (20 December), when a National Executive Committee will be elected from what Manuelito and Alfaro represent. The trade union meeting a week before the local elections has already indicated what the line will be. Carlos Andres Perez' people were simply eliminated from the Trade Union Bureau. Trade unionists are in a line of bipolar confrontation, with Carlos Andres on one side and they, allied with the CES [Regional Executive Committees], on the other. They want to count the real supporters on each side in order to show that they have greater influence in the party than the former president and that their alliance with Alfaro creates a decisive majority. After this victory, it will be possible to talk, but on the basis of winner to loser.

The inevitability of this process appears to be clear for Carlos Andres, who in recent weeks has taken measures aimed at saving his prestige from the approaching election debacle. His involvement in Merida and Zulia, which was complete

months ago, has been reduced to the minimum expression. Only in Caracas, where the situation is not clear, has his support for the Fermin-Sthory formula been ratified.

Not only in the abandonment of dangerous ground has the good sense of the veteran politician from Tachira worked, for Carlos Andres Perez is seasoned in internal quarrels. Simultaneously, his staff, represented in this case by Gumersindo Rodríguez, has executed interesting operations of rapprochement, proposing the possibility of a single joint list uniting the two factions for the National Convention. Perez is reportedly willing to yield up to 75 percent of the positions on the National Executive Committee to his opponents. But he would avoid a visible, public defeat of his list, which it surely would suffer, facing the 70 or more percent of the convention that would be with the mainstream made up of Manuel and Alfaro.

These movements of Gumersindo make use of a letter that emerged when, at the last labor congress, President Lusinchí was surprised by the maneuvering of the president of the CTV [Confederation of Venezuelan Workers], Juan Jose Delpino. From that congress, Perez went to Miraflores to his first personal meeting with Lusinchí in many years. Observers no longer had the slightest doubt that Perez went to warn Lusinchí of the danger to those who might call themselves the professional politicians of the party represented by such a powerful and turbulent trade union movement.

The position presented there has gradually developed in the fertile imagination of the veteran author of the famous IZQUIERDA editorial, a text that sounded the call for the insurrectional uprising of the 1960's. However, Gumersindo has gone over to the other side of the socioeconomic spectrum. It is true that he does not put things in terms of "we the rich" and "they the poor," but he does present them based on intellectual differences. The label his group uses for defining the statutory revolution that began with the past CDN, which places control of the party in the hands of sectional committees, is that of "the revolution of the sergeants," as revealed by tapes which both sides make of telephone conversations as part of the electronic spying that has become routine in any Venezuelan dispute.

The astute maneuvers of Gumersindo Rodríguez have not enjoyed a better fate, blocked as they have been by Gonzalo Barrios. But they show sufficiently well how things are going in the CAP camp. For the time being, the followers of Pinerua, Canache and Morales Bello take shelter under the banner of the former president, although there are shades. David Morales Bello gave EL UNIVERSAL statements in which he confirms his presidential aspirations, obviously opposed to those of Carlos Andres, with the added factor that they move in the same election market. Then David would not go to the event at which Perez, Pinerua and Canache backed the candidacies of Sthory and Fermin in the Federal District, in a colossal effort to contain the alliance between Alfaro supporters and trade unionists that drive Aristides Hospedales. This tactical maneuver, of turning the elections in Caracas -- where they have achieved an alliance that restores Carlos Andres' determination -- into a center of attention diverting it from national results is basic in CAP's effort to show that the AD members have not rejected his reelection. Abstaining from cooperating in this tactical



movement to which Carlos Andres attributes so much importance for his personal prestige, David is publicly maintaining the position of the unsuitability of CAP's candidacy, which he had privately supported.

Thus, although Manuel and Alfaro's triumph on the national level would be unobjectionable, it might turn out to be blurred by a defeat in Caracas, the problematic city whose sensitivity to charismatic leaders has been perceptible since 1958, when Larrazabal defeated Romulo Betancourt there, although Romulo won the rest of the country solidly.

His influence in Caracas would also be of decisive importance for Carlos Andres, in the card he would play after the convention, which is the possibility of a candidacy outside the party. The impact of Caracas, magnified throughout the country by the two private television stations, lined up behind Perez for different reasons, would have a harmful effect on any AD candidacy for 1988.

The most seasoned veterans on the orthodox side appear to be ready for this possibility, trusting that any dissidence would have to come at the beginning of 1986, and it would be stanchd at the end of this year. The AD would have 2 more years to plan an overwhelming triumph in 1988. In addition, Carlos Andres would not take away AD cadres, only members who within the year would return to their old haunts and somewhat adventurous individuals such as Gumer-sindo Rodriguez and Diego Arria, who would do nothing more than confuse the issue and fish for votes among the Caracas lumpen and the discontented, which would hurt the COPEI and the left more than it would the Democratic Action.

And yet, all this is mere speculation given the categorical responses which Carlos Andres Perez has given to his friends who are with Manuel and Alfaro in the current circumstances. To those leaders, Carlos Andres has emphatically stated that he knows the sad fate of those who have left the Democratic Action and that that possibility has never crossed his mind. It is more logical -- and more practical even for the substantial interests linked to Carlos Andres -- to lose and then negotiate, helped by those who value him although they are with Manuel and Alfaro. This could very conceivably occur.

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END